

**U.S. VIRGIN ISLANDS
2015- 2019 CONSOLIDATED PLAN FOR
HOUSING AND COMMUNITY DEVELOPMENT**



2018- 2019 PROGRAM YEAR ACTION PLAN

AUGUST 2018

Submitted by:
Virgin Islands Housing Finance Authority

Executive Summary

Introduction

In September 2015, the U.S. Department of Housing and Urban Development (“HUD”) approved the Territory’s Consolidated Plan for program years 2015-2019. The Consolidated Plan establishes local priorities consistent with national objectives and priorities established by the U.S. Department of Housing and Urban Development (HUD) and long-term strategies for utilizing funds allocated under the Community Development Block Grant (CDBG), the HOME Investment Partnership Program, and the Emergency Solutions Grant (ESG) to address the identified needs. Each year, the Territory is required to develop an Annual Action Plan which describes the activities to be undertaken during the current program year to implement the strategies identified in the Consolidated Plan.

Starting in Program Year 2016, the Territory became eligible to receive an allocation under a new program, the National Housing Trust Fund (HTF). Established under Title I of the Housing and Economic Recovery Act of 2008 (HERA), the Housing Trust Fund provides formula grants to states, the District of Columbia, Puerto Rico, and the insular areas for the production of affordable housing. The program is designed to complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and affordable housing for extremely low-income (ELI) and very-low income (VLI) households, including families experiencing homelessness. The program is funded from assessments on new originations by Fannie Mae and Freddie Mac; the U.S. Department of Housing and Urban Development (HUD) is responsible for distributing the funds. The enabling legislation for HTF requires the inclusion of information in the jurisdiction’s Consolidated Plan and Annual Action Plan with regards to how the jurisdiction plans to distribute/utilize the HTF funds to address identified priority housing needs.

Program Year 2018 represents the fourth year of the current Consolidated Plan. Resources from federal CDBG, ESG, HOME, and HTF grants expected during the remaining two years of the Consolidated Plan as shown in the table below are based on current year allocations with a reasonable expectation of program and other income shown; however, should allocations change substantially going forward, both expected funding amounts and outcomes will be modified accordingly.

Summary of the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Priority needs and corresponding goals were established after an assessment of needs and capacity, review of relevant economic information and statistical data, discussions in the community, consideration of strategic plans of partner agencies and providers in the region, and review of available planning

documents. These will serve as the framework for setting actions during the five-year period covered by the Consolidated Plan.

Four priority needs were established, each a high priority:

- Affordable housing choice
- Homelessness services and facilities
- Public and community services
- Infrastructure, facilities and economic development

Four goals were established to meet the needs:

- Increase and preserve affordable housing units
- Reduce and prevent homelessness
- Provide services and community support
- Support community and economic development

Evaluation of past performance

Key factors identified during evaluation of past performance which motivated the VIHFA's choice of projects for the 2018-19 program year:

More so than past performance, the major factor which informed VIHFA's choices of projects for the 2018-19 program year was the devastating impacts of Hurricanes Irma and Maria which struck the Territory in September 2017.

The two back-to-back Category 5 storms caused significant destruction to housing, infrastructure, and the economy of the Territory; the total damage is estimated at \$10.76 billion. The entire population—over 100,000 residents—was impacted by the devastation brought on by the storms, with winds of over 185 miles per hour and up to 20 inches of rain in some areas.¹ Irma crossed the islands as a windstorm tearing the roofs off buildings in her path; Maria came behind and caused water damage to all of the unprotected structures in the St. Thomas and St. John district, while inflicting severe wind damage on St. Croix.

The devastation brought by the 2017 storms was staggering. Five Virgin Islanders lost their lives to the storms. Thousands of residents were displaced and over 85% of households reported damage to their homes, with many structures rendered uninhabitable. Much of the public infrastructure - electricity, potable water, telecommunications – were interrupted for weeks and, in many cases, months. Roadways experienced washouts, debris, mudslides, and downed power lines. All primary healthcare facilities were left in need of reconstruction, while hundreds of patients had to be evacuated off-island to receive critical

¹ Most recent 2014 VI Community Survey estimates population in the Territory at 102,007.

medical attention. Almost all public schools were damaged and according to the U.S. Virgin Islands Department of Education, 17 schools—half of all public schools in the Territory—suffered substantial damage to their facilities.

In the wake of the storms, the President announced a Major Disaster Declaration for Irma ([DR-4335](#)) and another for Maria ([DR-4340](#)) to make federal disaster assistance available to the Territory. In response, Congress approved the Supplemental Appropriations for Disaster Relief Requirements, 2017 (Pub. L. 115-56) on September 8, 2017, which made available Community Development Block Grant Disaster Recovery (CDBG-DR) funds to assist in long-term recovery from 2017 disasters including those in the U.S. Virgin Islands and Puerto Rico from Hurricanes Irma and Maria.

As of the date of this plan, the hurricanes' effects continue to disrupt the lives of Virgin Islanders. Emergency relief and recovery efforts by both federal and local authorities addressed some of the most urgent emergency response needs, but much remains to be done to recover and rebuild. After accounting for the disaster recovery assistance provided by FEMA, the U.S. Small Business Administration (SBA), private insurance, nonprofits, and other funding sources, the remaining unmet needs exceed \$7.58 billion using the best available data as of April 27, 2018.

To address these unmet needs, the U.S. Department of Housing and Urban Development (HUD) has announced the award of \$1,863,742,000 of CDBG-DR funds to the U.S. Virgin Islands. CDBG-DR funds are intended by HUD to address unmet needs in housing, infrastructure, and economic revitalization from the 2017 hurricanes, as well as mitigation activities to protect the Territory from the damage of future events.

HUD required that the Territory conduct an assessment of impact and unmet needs to quantify the funding needed for recovery from the 2017 disasters. The assessment was used to identify the type and location of community needs and to inform the prioritization of CDBG-DR funds to address the most distressed areas as effectively as possible. The assessment evaluated all aspects of recovery, with an emphasis on housing, infrastructure, and economic revitalization.

The Government of the U.S. Virgin Islands and VIHFA have collaborated with community, nonprofit, and business leaders throughout the Territory and leveraged the expertise of its agencies to determine needs and to design programs to address the identified needs as effectively as possible. The U.S. Virgin Islands Community Development Block Grant Disaster Recovery Action Plan ("CDBG-DR Plan"), which was approved by HUD on July 10, 2018, includes a portfolio of programs towards addressing the Territory's unmet housing, public service, infrastructure, and economic needs for the first allocation of CDBG-DR funds of \$242,684,000. This initial funding will only begin to address the significant unmet needs for the U.S. Virgin Islands following Hurricanes Irma and Maria. The Territory anticipates the initiation of some of the CDBG-DR- funded programs within program year 2018. In accordance with HUD's requirement that 70% of all program funds be used primarily to benefit low- and moderate-income (LMI) individuals, these programs will address the needs of the Territory's most vulnerable and hardest-hit residents.

Housing for displaced Virgin Islanders and those living in damaged homes remains the Territory's highest priority, especially for low- and moderate-income families. To arrive at a more comprehensive assessment

of the damages to the Territory's housing stock and outline unmet needs, information has been collected directly from the following entities: (i) the Virgin Islands Housing Finance Authority (VIHFA), the Virgin Islands Housing Authority (VIHA), and the U.S. Virgin Islands Department of Human Services (DHS); (ii) organizations investing in housing recovery such as USDA; and (iii) private property managers, nonprofits, and other stakeholders involved in providing housing.

The total impact on housing, including rental and public housing, is estimated at \$2.29 billion; to date, \$1.25 billion has been disbursed from federal and other sources of funds. While the \$72 million set aside for housing from the initial CDBG-DR allocation is less than the total unmet need, the Territory is working to maximize the existing funding for housing repair through FEMA & and SBA disaster programs. In addition to working with FEMA in determining how to best implement the Emergency Home Repair and Permanent Construction programs to maximize the benefits to restoring damaged and destroyed homes, the Territory has developed a series of programs under CDBG-DR to support the housing needs of those most impacted by the storms.

The overall objectives of the CDBG-DR Action Plan's housing programs directly address the unmet housing needs in the following ways:

- Supporting residents, especially LMI residents, directly affected by the storms by rehabilitating or replacing housing units, including mitigation enhancements;
- Leveraging other funding sources and supporting community efforts to both address immediate gaps in rehabilitation of damaged homes with flexible funding and maximizing CDBG-DR dollars;
- Aiding in the rehabilitation and new development of housing for the most vulnerable, including temporary, emergency housing, and permanent supportive housing;
- Identifying opportunities to develop new housing stock to meet the urgent demand for affordable rental and owner-occupied housing; and
- Helping affected individuals by improving the resilience of their housing to reduce risk and strengthen neighborhoods for any future disasters while restoring their buildings and residences.
- Providing funds for the rehabilitation and reconstruction, development of new housing, and enhancement of the support service network for vulnerable populations.

The programs will be delivered as a "one program, many paths" approach with robust case management to assist residents based on their remaining housing needs. Priority will be given to the most vulnerable Virgin Islanders, especially those who remain displaced or living in severely damaged homes. The Territory has also applied for \$75 million from the Hazard Mitigation Grant Program (HMGP) to support the repair of roofs and related rehabilitation to homes. As the Territory identifies additional gaps beyond these existing programs, it is anticipated that some low-income owner-occupied households may not get the extent of repairs needed from the above-mentioned programs and thus may require assistance from other sources to include the HOME Program. A total of \$200,000 of HOME program income funds is being dedicated to owner-occupied rehabilitation in this Program Year 2018-19 Action Plan.

Additionally, the Territory will build new affordable housing for eligible owners and renters. New housing units funded through the CDBG-DR Action Plan will meet the U.S. Virgin Islands' enhanced building codes

and HUD's resilience standards, which will reduce the future need for emergency sheltering. The program will case manage disaster impacted, low- to moderate-income households that may be ready to move up to home ownership or are interested in subsidized and affordable rental housing. It is anticipated that some of the renter households that choose to move up to home ownership will require subsidy assistance in the form of downpayment or mortgage buydown assistance to enable them to realize homeownership; HOME funds may be employed as the source of the subsidy assistance. A total of \$785,767 is dedicated to first-time homebuyer assistance in the Program Year 2018-19 Action Plan.

Although the proposed CDBG-DR housing program will also support the repair and development of affordable multi-family rental and public housing for low-mod income households - the need for which predates but was exacerbated by the storms, no HOME funds will be dedicated to either new construction or rehabilitation of rental housing in the Program Year 2018-19 Action Plan.

The U.S. Virgin Islands' many public and community facilities sustained significant damage as a result of Hurricanes Irma and Maria. The storms had a widespread and lasting impact on numerous facilities which include the main homeless shelter on St. Croix, a transitional housing facility on St. Thomas, and two (2) facilities for victims of domestic violence on St. Thomas. As such, residential units for particularly vulnerable populations—the homeless, disabled, mentally ill, and elderly—has been identified as a priority need. One of the projects that is proposed for funding under the 2018 CDBG funds is the acquisition of a former guest house property on St. Croix by Frederiksted Health Care Inc. which facility will be used for the provision of homeless services to include an emergency shelter, transitional housing, and units of permanent supportive housing as well as auxiliary clinical services.

Although the storms had massive impacts on the Territory's infrastructure, it is anticipated that the greater portion of infrastructure repair and resilience costs will be covered by CDBG-DR and other non-HUD federal funding sources. As such, no funds are allocated for infrastructure projects in this Program Year 2018-19 Action Plan.

Special Needs - According to the 2010 U.S. Census, approximately 15% of the population of the U.S. Virgin Islands have disabilities. Hurricanes Irma and Maria had a particularly negative affect on these individuals, who are more likely to have a difficult time navigating assistance programs and finding accommodating housing. Moreover, the storms also inflicted damages on support facilities and impacted service delivery for the special needs population. For example, VIHFA's Emergency Housing Program provides close to 40 units of temporary housing for victims of domestic violence, natural disaster, catastrophic incidents and financial hardships across four complexes – three in St. Croix and one in St. Thomas. All four complexes sustained damages as a result of the hurricanes. Another example is Lutheran Social Services (LSS), which is the largest provider of housing for adults and children with developmental disabilities and vulnerable seniors with 166 individuals housed in 8 properties. LSS experienced at least some amount of storm-damage to all 8 properties, requiring them to temporarily move some of their vulnerable residents to less damaged units in partially repaired facilities or to place them with local families.

Based on available data, as well as input from relevant Territorial departments, organizations and agencies, the needs of vulnerable populations include:

- Assisting providers of housing for the vulnerable to repair or replace their damaged units;
- Supporting the expansion or new development of units for the vulnerable, especially for the aged and the mentally ill; and
- Enabling providers to support the most vulnerable through provision of services including those for mental health and crisis counseling, legal counseling and case management, enabling individuals to access the programs they need.

Homelessness - The Territory has not seen a significant reduction in homelessness over the past years; thus, the Territory continues to fund projects/activities which propose to address homelessness. For example, in addition to ESG activities (homelessness prevention, rapid re-housing, street outreach), the Territory's choice of CDBG projects also includes three (3) projects which entail construction/rehabilitation of homeless facilities. According to a January 2017 Point-In-Time count conducted by the Virgin Islands Continuum of Care consortium (CoC), the organization of service providers, advocacy groups and other stakeholder agencies charged with preventing and ending homelessness, there were 381 individuals across the Territory who were homeless, 81% of whom were unsheltered. Both figures have likely increased as a result of the storms. Regardless, the hurricanes had a devastating impact on this population, many of whom were unable to find shelter during the storms. The storms caused severe damage to homeless facilities and providers serving vulnerable populations. According to the Homeless Management Information System (HMIS) maintained by the CoC, there were 14 homeless facilities operating in the territory as of January 2017, providing a total of 136 beds. As of March 2018, only 11 of these facilities were in operation and offered only 99 beds. The lack of insurance or sufficient insurance has left several providers without the resources to repair facilities. Furthermore, several shelters are located in floodplains, thereby inhibiting their ability to consistently provide assistance.

Homeless facilities are in need of immediate and longer-term assistance to return to the level of repair they were before the storm. Few have been able to repair the structures with their own funds and all need improvements to make them more resilient for future disasters.

Based on emerging contractor estimates of repair costs for existing facilities, the unmet need for the Territory's homeless population is approximately \$2 million, including efforts aimed at bringing existing facilities back to pre-storm condition and increasing the resilience of those facilities. The CoC has further indicated interest in expanding facilities as well bringing new facilities on line in order to accommodate more homeless individuals and in pursuing permanent supportive housing, transitional housing, mental health services, and substance abuse services.

The allocation of funds under this Program year 2018-19 for owner-occupied rehabilitation and new home owner assistance (HOME) as well as for the rehabilitation of existing emergency shelters and transitional housing (CDBG) and also the acquisition of a property that will be used to provide new units of transitional

and permanent supportive housing (CDBG) is consistent with the outlined strategies to address the identified unmet needs in the areas of housing, homelessness, and special needs.

After-school programs - CDBG-funded after-school programs have been very successful over the years. These programs provide safe environments for students after school and deliver much-needed homework assistance, tutorial assistance, and academic enrichment. Especially after the storms and the resulting split sessions with shortened school days due to multiple schools sharing one campus, various of the after-school program extended their service hours in order to accommodate the needs of parents and their students. Most recently, scholarship programs (such as the Pistarckle Theater Summer Scholarship Program and the Music in Motion Enrichment Program) have introduced low-mod income youth to the fine arts by providing opportunities to receive instruction under the tutelage of experienced professionals. Studies have shown that exposure to the arts contributes to better socialization of youth. Another public service program that has proven very successful in the immediate past program years is the Learn-to-Swim program. Also a scholarship program, this activity has obvious benefit by teaching basic swimming instruction and water safety skills to students whose families might not otherwise afford swimming lessons for their youngsters. In addition to the benefit to the participants, many of the public service projects that have been chosen for this cycle have a proven track record of program compliance to include timely expenditure of program funds.

Summary of Citizen Participation Process and consultation process

In soliciting CDBG proposals for the upcoming 2018-19 Program Year, the VIHFA advertised a special interest in programs providing mental health services, homeless services, job training services for public housing residents, and after-school or summer youth programs with emphasis on reading/math enhancement, STEM, or the visual and/or performing arts in accordance with the priority needs identified in the citizen participation process for the Consolidated Plan.

Two rounds of public hearings were held relative to the selection of CDBG projects. The first round of hearings was conducted during the week of April 3 with hearings on each respective island. Representatives of each project provided testimony on the project (need, beneficiaries, budget, etc.) and the public was provided the opportunity to ask questions about each project. After the vetting process was conducted, a second round of hearings was conducted from July 10-13 which presented the projects that are being recommended for funding in the Program Year 2018 Action Plan.

Notices announcing the availability of the draft 2018 Action Plan (which includes the Housing Trust Fund Allocation Plan as an attachment) were advertised in both local newspapers of general circulation and also the electronic newspaper for a 16-day public review and comment period beginning on July 28, 2018. No comments were received in response to the public review process.

Summary of public comments

To be included upon completion of the official public comment period.

Comments or views not accepted and the reasons for not accepting them

To be included upon completion of the official public comment period.

Summary

Lead & Responsible Agencies

Agency/entity responsible for preparing/administering the Consolidated Plan

The Virgin Islands Housing Finance Authority (VIHFA) is responsible for preparing the Consolidated Plan and the Annual Action Plans for the Territory of the U.S. Virgin Islands. The VIHFA is also responsible for administration of each of the various Consolidated Grant programs.

Agency Role	Department/Agency
CDBG Administrator	Virgin Islands Housing Finance Authority
HOME Administrator	Virgin Islands Housing Finance Authority
ESG Administrator	Virgin Islands Housing Finance Authority
HTF Administrator	Virgin Islands Housing Finance Authority

Table 1 – Responsible Agencies

The Virgin Islands Housing Finance Authority (VIHFA) has as its mission to increase to housing and community development opportunities by developing innovative programs and projects. The VIHFA's Federal Programs Division exercises direct oversight over the various Consolidated Plan programs. Federal Programs is tasked promoting, planning, implementing and administering federal grants and programs to help the Authority achieve its mission of increasing housing access across the housing continuum and supporting community development initiatives which improve the living environment for all residents of Territory.

Consolidated Plan Public Contact Information:

Virgin Islands Housing Finance Authority
Attention: Federal Programs Director
100 Lagoon Complex, Suite #4
Frederiksted, VI 00840-3912

Consultation

Introduction

The Virgin Islands Housing Finance Authority actively participates in planning efforts in the Territory, including affordable housing, housing and services for persons who are homeless and housing and services for other vulnerable populations. In addition to coordinating vital funding for services related to health, safety, housing, and support for youth, the VIHFA is represented in planning activities with representatives from key agencies from the government, nonprofit sector, and foundations.

It should be noted that the ongoing focus on recovery efforts from September 2017 to present have stymied many of the planned coordination efforts relative to regular (i.e., non-disaster) services for health, public safety, housing, and support programs for youth. The major consultation and coordination efforts over the past year have been focused on identifying needs and planning for the rehabilitation and reconstruction of the existing housing stock to support vulnerable populations.

Summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

Typically, the Virgin Islands Housing Finance Authority actively participates in planning efforts in the Territory, including affordable housing, housing agencies for persons who are homeless and housing and services for other vulnerable populations. In addition to coordinating vital funding for projects which provide health, safety, housing, and support for youth, the VIHFA is represented in planning activities with representatives from key agencies of the government, nonprofit sector, and community foundations.

One of the ongoing efforts undertaken relative to the coordination between housing providers and health, mental health, and service agencies is the "Reaching Potentials Initiative". Although the initiative was founded by a private benefactor, VIHFA played a key role in meetings of the core group which includes housing providers (VIHFA), non-profit health providers (Frederiksted Health Care, Inc.), nonprofit service agencies (Catholic Charities), and a community foundation in the capacity as a fiduciary (St. Croix Foundation). The initiative subscribes to the "Housing First" model wherein medical services/medications are provided to homeless persons to help those persons attain sufficient stability to be housed in permanent supportive housing situations without having to be transition through the traditional housing continuum. Prior to the arrival of the September 2017 storms, VIHFA and Frederiksted Health Care, Inc. were in negotiations relative to making available a number of its emergency housing units for use by their Reaching Potentials homeless clients. Unfortunately, the emergency housing units sustained damages in the storm.

Coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

As the designated Collaborative Applicant, VIHFA is an active participant in the Continuum of Care. This position helps to improve coordination between the two major homeless planning and policy development organizations - the Interagency Council on Homelessness and the Continuum of Care. A full-staff staff position at the VIHFA is responsible for implementation of the ESG Program and development of policies and procedures for homelessness and increasing services for homeless persons and those at risk of becoming homeless. One of the current efforts is to obtain the participation of additional nonprofit organizations which have not previously been involved in the Continuum.

A sub-committee comprised of representatives of several member agencies of the Continuum of Care and also VIHFA have been tasked with developing a structural framework for a coordinated entry system for the Territory. The objective is development of a fully functional coordinated entry system –complete with a standardized assessment tool and service guide. The CES protocol has been largely developed; the protocol, along with combined ESG/COC written standards that have been drafted, are currently under review. It is anticipated that the implementation of the coordinated entry system and the adoption of the written standards will significantly improve the application of resources and better delivery of services to homeless persons and those at-risk of homelessness. Full implementation is expected before the beginning of the Program Year.

Consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

As the designated Collaborative Applicant, VIHFA is an active participant in the Continuum of Care. A full-staff staff position at the VIHFA is responsible for implementation of the ESG Program and development of policies and procedures for homelessness and increasing services for homeless persons and those at risk of becoming homeless.

The local Continuum of Care continues to have some capacity issues which has limited its ability to fully contribute to the development of performance standards and evaluation of outcomes of ESG-assisted activities and the development of policies and procedures for the operation/administration of HMIS; nonetheless, a team composed of Continuum of Care representatives and VIHFA staff jointly conducted evaluation of ESG applications and determined those applications that will be recommended for funding based on consistency with identified priorities as well as capacity and experience of the applicant.

With the assistance of the VIHFA as the Collaborative Applicant, the CoC made strides in Program Year 2017 toward the development of joint performance standards for ESG- and CoC-funded projects and

activities. Once the standards are fully adopted, the CoC will be better able to evaluate outcomes utilizing objective performance measures. The CoC will next focus on developing policies and procedures for the operation and administration of the HMIS. Recognizing the need to further strengthen the CoC's ability to handle the consultative role, VIHFA has decided to facilitate capacity-building training for the CoC member organizations whenever possible.

Agencies, groups, organizations and others who participated in the process and description of the jurisdiction's consultations with housing, social service agencies and other entities

See below.

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Reaching Potentials Homeless Service Improvement
	Agency/Group/Organization Type	Task force Foundation
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Various meetings were held between VIHFA and the other participants in the initiative which includes non-profit health providers (Frederiksted Health Care, Inc), nonprofit service agencies (Catholic Charities), a private citizen benefactor and a community foundation in the capacity as a fiduciary (St. Croix Foundation). The anticipated outcome is that housing providers and social service agencies will support the efforts of the "Housing First" model wherein an Assertive Community Treatment team will provide case management (which includes medication management) to help homeless persons with mental illness or substance issues attain sufficient stability to be housed in permanent supportive housing situations without having to be transition through the traditional housing continuum.
2	Agency/Group/Organization	Virgin Islands Economic Development Authority
	Agency/Group/Organization Type	Planning organization
	What section of the Plan was addressed by Consultation?	Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Economic Development Authority (EDA) is an autonomous entity of the Territorial government. A meeting was held with the Enterprise Zone Commission (EDA-EZC) to gather information about EDA-EZC's current and upcoming initiatives relative to the redevelopment/revitalization of the downtown districts in both St. Thomas and St. Croix. The outcome of the consultation between the two agencies will be two-fold: (1) ensure that there are no duplicative efforts and (2) better planning by VIHFA with respect to revitalization strategies.
4	Agency/Group/Organization	Frederiksted Health Clinic
	Agency/Group/Organization Type	Health Agency

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Several meetings were held with a representative of Frederiksted Health Care to discuss agency's interest in homeless services and whether/how CDBG and/or ESG funds could be utilized to expand/extend their services. Anticipated outcome of the consultation is the VIHFA has developed a better understanding of the need for homeless services (especially for the mentally ill) in the Frederiksted area. FHC also gained a better understanding of the eligible activities under the program and was able to successfully apply for funding for a street outreach program which will serve a need which has gone unmet in the recent past.
5	Agency/Group/Organization	Virgin Islands Housing Authority
	Agency/Group/Organization Type	PHA
	What section of the Plan was addressed by Consultation?	Public Housing Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	By statute, the VI Housing Finance Authority's Executive Director is one of the members of VIHA (PHA) Board of Directors. In addition, there is collaboration between the two entities on a regular basis relative to the affordable housing needs of the Territory especially as it relates to the extremely and very-low income segments of the population. Proven outcome of the consultation is improved coordination of resources (which include LIHTCs administered by VIHFA).

Identify any Agency Types not consulted and provide rationale for not consulting

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
CDBG-DR Action Plan	V.I. Housing Finance Authority	<ul style="list-style-type: none"> • By aiding in the rehabilitation and new development of housing for the most vulnerable, including temporary, emergency housing, and permanent supportive housing; • By providing funds for the rehabilitation and reconstruction, development of new housing, and enhancement of the support service network for vulnerable populations in the context of housing; • By identifying opportunities to develop new housing stock to meet the urgent demand for affordable rental and owner-occupied housing;
USVI Hurricane Recovery and Resilience Task Force Report	USVI Hurricane Recovery and Resilience Task Force	
Christiansted Community Town Plan	USVI EDA-Enterprise Zone Commission	

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

In addition to the above, VIHFA participated in several meetings with Downtown Revitalization, Inc. during which were discussed several strategies for addressing revitalization of downtown Charlotte Amalie (St. Thomas) and the possible use of CDBG funds as financing for several related initiatives. The discussions also examined the needs with respect to the mix of housing and commercial development in the downtown neighborhoods.

Participation

Summary of citizen participation process and how it impacted goal-setting Efforts made to broaden citizen participation

In an effort to broaden direct citizen participation in the planning process, this year five (5) public citizens – 2 each from the islands of St. Thomas and St. Croix, and 1 from the island of St. John were directly invited to attend the public hearings on their respective island. Subsequent to the hearings, VIHFA engaged the citizens to gather their input about the relevance/appropriateness of the various project proposals toward meeting identified community needs. The citizens' input confirmed that public service projects particularly services for the elderly, academic enrichment programs for youth, substance abuse prevention/mental health services, and homeless services are perceived as the greatest needs. In large part, the project that have been selected for funding reflect these needs.

Notices announcing the availability of the draft 2018 Action Plan (which includes the Housing Trust Fund Allocation Plan as an attachment) for the requisite public review and comment period appeared in both local newspapers of general circulation and also the electronic newspaper. No comments were received in response to the public review process.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of Comments received	Summary of comments not accepted and reasons
1	Public Hearing	Non-targeted/broad community	Public hearings were held during the week of April 16, 2018 on all three islands - St. Croix, St. Thomas, & St. John. The hearings were publicized via ads in the local print and electronic media.	No comments were received.	N/A; no comments were received.

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of Comments received	Summary of comments not accepted and reasons
2	Public Hearing	Non-targeted/broad community	Additional public hearings were held during the week of July 16, 2018 on all three islands. The hearings were publicized via ads in the local print and electronic media.	No comments received.	Not applicable.
3	Newspaper Ad	Non-targeted/broad community	Notices announcing the availability of the draft Annual Action Plan which also included a copy of the HTF allocation plan for review and comments appeared in the local print and electronic media.	No comments were received.	Not applicable.

Table 4 – Citizen Participation Outreach

Expected Resources (AP 15)

Introduction

Resources from federal CDBG, ESG, HOME, and HTF grants expected during the remaining two years of the Consolidated Plan are based on current year allocations, with a reasonable expectation of program and other income shown; however, should allocations change substantially going forward, both expected funding amounts and outcomes will be modified accordingly.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of ConPlan \$
			Annual Allocation	Program Income	Prior Year Resources	Total \$	
CDBG	public - federal	Acquisition; Admin and Planning; Economic Development; Housing; Public Improvements; Public Services	1,984,382	0	14,685	1,999,067	1,999,067
HOME	public - federal	Homebuyer assistance; Homeowner rehab; New construction for ownership	919,767	250,000	0	1,169,767	1,169,767

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of ConPlan \$
			Annual Allocation	Program Income	Prior Year Resources	Total \$	
ESG	public - federal	Emergency shelter; Financial Assistance; Rapid re-housing; homeless prevention; Street outreach; Transitional housing	148,903	0	172,320	299,234	299,234
HTF (Hsg Trust Fund)	public - federal	Acquisition Multifamily rental new construction Multifamily rental rehab	104,591	0	91,771	196,722	196,722

Table 5 - Expected Resources – Priority Table

Use of federal funds to leverage of those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

As an insular area, there is no requirement for the Virgin Islands to match ESG, HOME, or HTF funding. The match for the CDBG program will be provided primarily by nonprofit subrecipient organizations through their own fundraising, in-kind services, and, in some cases, from sources such as United Way. Although there is no formal match requirement for the ESG program, many of the ESG subrecipients are non-profit organizations (such as Catholic Charities, Methodist Training and Outreach, Inc. and St. Croix Mission Outreach) and they also provide in-kind match as well as through other grants they receive.

The Territory looks to funds from other sources including local government, nonprofit organizations, fund-raising and community foundations to supplement federal grants. In addition to matches described above, resources from USDA, Housing Choice Vouchers, local Homestead Loan funds, federal Low Income Housing Tax Credits, the local Stamp Tax proceeds, and the Virgin Islands government have increased the ability to meet Territorial needs.

New rental units can be funded using federal Low Income Housing Tax Credits (LIHTC). Private developers have successfully used LIHTC to develop new communities. VIHA, the local Public Housing Authority, has engaged in several public-private partnerships to utilize LIHTC to create new elderly and also multifamily

housing on St. Croix and elderly housing on St. Thomas. Ground was broken in 2017 on a new 90-unit multifamily project on St. Croix – Louis E Brown Villas Phase III. In addition, the Virgin Islands Housing Finance Authority created a nonprofit subsidiary (VI Housing Management, Inc.) which expanded access to financing sources such as Low Income Housing Tax Credits. This creates increased opportunities for development of new rental housing stock and rehabilitation/replacement of existing rental housing, including those properties acquired by the VIHFA as a result of the 2008 housing merger. HOME Program funds for home ownership assistance are used primarily as subsidy (secondary) financing in conjunction with primary financing provided by other lenders. HOME funds are used for mortgage buy downs, closing cost assistance and filling other gaps in lending requirements. For a majority of the assisted households, USDA Rural Development's 502 Direct Lending Program (a federally funded program) provides the primary financing. Rural Development provides subsidized mortgages for very-low and low-income families. This increases the number of households VIHFA is able to assist. In other cases on a limited basis, local government lending programs or conventional lenders provide the primary financing.

USDA Rural Development's Section 504 Repair program assists very-low income homeowners to repair their unit to remove health and safety hazards. From time to time, both the VIHFA and USDA Rural Development refer owner-occupied rehabilitation applicants to the other agency for additional financing. The collaboration between VIHFA's HOME Program and USDA Rural Development provides for the leveraging of HOME funds which enables both agencies to expand the number of households that can be assisted and the scope of repairs/improvements that can be undertaken.

Renters, including those coming from homelessness and persons with special needs, can be housed using Housing Choice Vouchers administered by the VI Housing Authority – the local PHA. Housing Choice Vouchers can also be used for home-ownership assistance, which increases the potential for collaboration with local lenders, especially the USDA Rural Development.

The Government of the Virgin Islands has made various tax exemptions available to developers of low- and moderate-income housing under an Affordable Housing Development Agreement. Also at the local level, the VIHFA is able to utilize proceeds from the Stamp Tax proceeds to subsidize housing development and/or purchase land for the Affordable Housing Program.

Description of publicly owned land or property located within the jurisdiction to address the needs identified in the plan

Use of publicly-owned resources has been beneficial in meeting needs in the past and use of those resources is anticipated in the future. Notably, the Virgin Islands Housing Finance Authority has provided house plots at below-market prices which helps make homeownership more affordable. The house plot, along with the included infrastructure, results in an average subsidy of \$25,000 to the buyer. The Government of the Virgin Islands likewise has transferred developable land from the central government's inventory to the VIHFA for development of affordable housing.

Annual Goals and Objectives

Annual Goals and Objectives (AP-20)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Needs Addressed	Funding	Goal Outcome Indicator
1	Increase and preserve affordable housing units	2015	2019	Affordable Housing Public Housing	Affordable housing choice	HOME: \$1,169,767 Housing Trust Fund: \$196,722	Rental units constructed: 3 Household Housing Units Homeowner Housing Rehabilitated: 4 Household Housing Units Direct Financial Assistance to Homebuyers: 10 Households Assisted
2	Reduce and prevent homelessness	2015	2019	Homeless	Homelessness services and facilities	CDBG: \$600,000 ESG: \$299,234	Public service activities other than Low/Moderate Income Housing Benefit: 75 Persons Assisted Tenant-based rental assistance / Rapid Rehousing: 3 Households Assisted Homeless Person Overnight Shelter: 100 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 15 Beds Homelessness Prevention: 7 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Needs Addressed	Funding	Goal Outcome Indicator
3	Provide services and community support	2015	2019	Non-Homeless Special Needs; Non-Housing Community Development	Infrastructure, facilities and economic development; Public and community services	CDBG: \$213,506	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 784 Households Assisted Public service activities other than Low/Moderate Income Housing Benefit: 812 Persons Assisted
4	Support community and economic development	2015	2019	Non-Housing Community Development	Infrastructure, facilities and economic development;	CDBG: \$798,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 15000 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Increase and preserve affordable housing units
	Goal Description	Utilize primarily HOME and HTF monies to increase and preserve rental and home ownership units to increase affordable housing choice across the Territory
2	Goal Name	Reduce and prevent homelessness
	Goal Description	Utilize ESG and CDBG funds to expand programs, services, and facilities that serve homeless persons and persons at-risk of homelessness
3	Goal Name	Provide services and community support
	Goal Description	Utilize CDBG funds for projects which entail services and facilities primarily benefitting low/mod income residents of the Territory
4	Goal Name	Support community and economic development
	Goal Description	Utilize CDBG funds for projects which create job opportunities

Projects

Projects (AP-35)

Introduction

This annual plan describes how funds will be used over the next program year. The projects listed below have been carefully selected to make progress in meeting the needs and goals established through this planning process and in accordance with the Consolidated Plan.

Projects

#	Project Name
1	2018 Housing Trust Fund Rental Unit Production
2	HOME Program Administration 2018
3	HOME Ownership Assistance Funds 2018
4	HOME Owner Housing Rehabilitation 2018
5	Emergency Solutions Grant Project Fund
6	FRC Youth Counseling Program
7	St. Andrews Seek & Serve After-school Program
8	Engineers for Tomorrow Outreach Program
9	St. Thomas Learn-to-Swim Scholarship Program
10	Wesley Methodist Church After-school Program
11	Pistarckle Theater Summer Scholarship Program
12	St. John Rescue Hdqtrs & Operational Base Construction - Phase III
13	FRC Transitional Housing Rehabilitation, Phase II
14	FRC Shelter Rehabilitation, Phase II
15	Nurturing Minds Summer Camp Program
16	Women With Focus After-school Program
17	Mon Bijou After-school Program
18	Frederiksted Boys & Girls After-school Program
19	My SISTAHS Keeper Mentorship After-school & Summer Program
20	Mon Bijou Land Acquisition & Community Playground Construc.
21	Frederiksted Health Care Emergency Shelter Acquisition
22	CDBG ADMIN 2018

Table 7 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Allocation priorities were established after review of the priority needs outlined in the Consolidated Plan, discussions at public hearings, and consultations.

Project Summary Information (AP-38)

1	Project Name	2018 Housing Trust Fund Rental Unit Production
	Target Area	
	Goals Supported	Increase and preserve affordable housing units
	Needs Addressed	Affordable housing choice
	Funding	HTF: \$67,755
	Description	The Territory will also utilize its allocation under the Housing Trust Fund (HTF) to help reduce barriers to affordable housing - notably for extremely low-income households (i.e., earning at or below 30% of Area Median Income). Pursuant to the HTF Allocation Plan developed, VIHFA will award HTF funds in coordination with the Low Income Housing Tax Credit (LIHTC). Applicants for LIHTC will be required to complete a separate application process pursuant to evaluation criteria outlined HTF Allocation Plan. The HTF monies will be awarded to the successful LIHTC project which achieves the highest HTF score. VIHFA anticipates that this use of the funds will enable LIHTC developers to include a small number of units reserved for households in the extremely low income category in their development - thus increasing affordable housing choice for this very vulnerable population.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	3
	Location Description	To be determined
2	Planned Activities	New construction – rental housing
	Project Name	Housing Trust Fund 2018
	Target Area	
	Goals Supported	

	Needs Addressed	
	Funding	HOME: \$134,000
	Description	Funds in the amount o \$96,200 will be utilized to defray costs associated with the administration of the HOME Program to include personnel costs, compliance monitoring, grant documentation, audit services, and training & technical assistance.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	NA
	Location Description	
	Planned Activities	
3	Project Name	HOME Ownership Assistance Funds 2018
	Target Area	
	Goals Supported	Increase and preserve affordable housing units
	Needs Addressed	Affordable housing choice
	Funding	HOME: \$785,767; HOME Program Income:\$200,000
	Description	The Home Ownership assistance program makes HOME funds available to assist eligible purchasers with downpayment, mortgage buydown, and closing costs. The HOME funds are used in conjunction with first lender financing to make home ownership affordable for first-time buyers.
	Target Date	9/30/2019
	Estimate the number and type of families that will benefit from the proposed activities	Ten (10) low-income households will benefit from the proposed activity. HOME funds will provide direct financial assistance in the form of mortgage buydown and closing cost assistance. The assistance will be structured as below-market rate loans, forgivable grants, or combinations thereof.
	Location Description	
4	Project Name	HOME Owner Housing Rehabilitation 2018
	Target Area	
	Goals Supported	Increase and preserve affordable housing units

	Needs Addressed	
	Funding	HOME Program Income: \$200,000
	Description	HOME Program funds will be used to complete rehabilitation of an estimated four (4) owner-occupied units in support of the goal of increasing & preserving affordable housing units.
	Target Date	9/30/2019
	Estimate the number and type of families that will benefit from the proposed activities	It is anticipated that four (4) very-low to low income households will benefit from this activity.
	Location Description	The addresses where the proposed activity will be undertaken will not be known until applications for assistance have been vetted and selected.
	Planned Activities	
5	Project Name	Emergency Solutions Grant Project Fund
	Target Area	
	Goals Supported	Reduce and prevent homelessness
	Needs Addressed	Homelessness services and facilities
	Funding	ESG: \$148,903
	Description	Emergency Solutions Grant funds will be used by the Territory to support activities including shelter operations, street outreach (essential services), homelessness prevention (tenant-based financial assistance and housing relocation & stabilization), HMIS data collection, and ESG program administration.
	Target Date	9/30/2019
	Estimate the number and type of families that will benefit from the proposed activities	Primarily individuals/families with incomes \leq 30% of Area Median Income (= Extremely low income)
	Location Description	
6	Project Name	FRC Youth Counseling Program
	Target Area	
	Goals Supported	Provide services and community support

	Needs Addressed	Public and community services
	Funding	CDBG: \$20,000
	Description	Funds are being awarded to Family Resource Center, Inc. (FRC) to provide counseling services to youth ages 5-17, who display negative and acting-out behavior, that are identified at home, at school, or in the community at large. Youth in the program often are in crisis because of undisclosed trauma. The counseling provides resources for safety, justice, coping skills, and improved social interactions.
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	It is estimated that approximately 25 youth ages 5-17 will benefit from the proposed activity.
	Location Description	The proposed services will be provided to clientele from both St. Thomas and St. John, U.S. Virgin Islands.
	Planned Activities	Counseling services
7	Project Name	St. Andrews Seek & Serve After-school Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$25,000
	Description	Funds are being awarded to St. Andrew's Seek and Serve Outreach, Inc. to operate an after-school program that provides tutorial services for students in grades kindergarten through six grade at the Lockhart Elementary School. Students receive tutoring in language arts, math, science, and homework assistance.
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	The primary beneficiary of the proposed activity will be children ages 5-12. It is anticipated that approximately 65 children will be served.
	Location Description	The activity will take place at the Lockhart Elementary School on St. Thomas.
	Planned Activities	After-school program

8	Project Name	Engineers for Tomorrow Outreach Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	
	Funding	CDBG: \$20,000
	Description	Funds are being awarded to Engineers for Tomorrow Outreach, Inc. to provide a science, technology, engineering and math enrichment program to existing after-school programs. The program will expose youth to engineering through projects and interactions with practicing engineers. The program is designed to be a hands-on, interactive learning experience for youth ages 8-13.
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 50 children ages 8-13 will benefit from the proposed activity.
	Location Description	The proposed program will work in conjunction with various existing after-school programs on St. Thomas. One location will be at St. Andrews Church in Estate Thomas. Additional locations are presently being finalized.
9	Planned Activities	The planned activity is an enrichment program led by professional engineers which will feature hands-on, interactive learning projects that provide science, technology, engineering, and math skills to the students in the program.
	Project Name	St. Thomas Learn-to-Swim Scholarship Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$10,252.80
	Description	Funds are being awarded to St. Thomas Swimming Association, Inc. to provide scholarships to enable 25 eligible youth to obtain swimming instruction.
	Target Date	12/31/2019

	Estimate the number and type of families that will benefit from the proposed activities	Up to twenty-five (25) low-income children will receive the scholarships offered under the program. The ability to swim is very important when living on an island. Proficiency in and around the water is the key to preventing accidental drowning.
	Location Description	The activity will take place at the St. Thomas Swimming Association's aquatic center in Estate Nazareth, St. Thomas.
	Planned Activities	The planned activity includes basic swimming and water safety instruction provided by trained instructors.
10	Project Name	Wesley Methodist Church After-school Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$30,000
	Description	Funds are being awarded to Wesley Methodist Church STT/STJ Circuit, Inc. to operate an after-school program that provides homework assistance and tutorials in various subjects for approximately 70 children and youth between the ages of 5-18.
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	It is estimated that a total of seventy (70) youth will benefit from the proposed activity.
	Location Description	The activity will take place at the Wesley Methodist Church located at #14 Anna's Retreat, St. Thomas.
	Planned Activities	The proposed activity entails provision of homework assistance and tutorials in various academic subjects for children and youth ages 5-18.
11	Project Name	Pistarckle Theater Summer Production Camp Scholarship Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$19,500

	Description	Funds are being awarded to Pistarckle Theater, Inc. to provide scholarships for eligible low-income youth interested in the performing arts to attend a 6-week summer theater production camp. Youth in the program receive workshop-style training in acting, singing, dance and elocution as well as sound engineering, lighting, costuming/make-up, set construction, and stage management. It is anticipated that the program will serve 15 youth ages 10-17.
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	The activity is expected to benefit 15 low-income youth.
	Location Description	The program will operate at the theater at Tillet Gardens in Estate Anna's Retreat, St. Thomas but it is expected that it will serve youth from across St. Thomas.
	Planned Activities	The activity is a 6- week summer enrichment program.
12	Project Name	St. John Rescue Hdqtrs & Operational Base Construction - Phase II
	Target Area	
	Goals Supported	Support community and economic development
	Needs Addressed	Infrastructure, facilities and economic development
	Funding	CDBG: \$500,000
	Description	Funds are being awarded to St. John Rescue, Inc. to finance the construction of a facility at #9-1a Glucksberg, St. John. The facility will provide a community meeting space where St. John Rescue will conduct training on CPR, disaster preparedness, etc. The facility will also serve as a back-up Emergency Operations Center for the island of St. John.
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	The direct number of direct beneficiaries is difficult to estimate; however, it is anticipated that the entire island population of St. John will indirectly benefit from the new facility which will have meeting space for community events, and where St. John Rescue will provide life-saving rescue services in support of the local emergency services as well as CPR, disaster preparedness, and other life-saving classes and oxygen-generation services.

	Location Description	The facility will be located at #9-1a Glucksberg, St. John. Given the relatively small size of St. John (21 square miles), the location is central to the entire island.
	Planned Activities	Construction of a facility using CDBG funds.
13	Project Name	FRC Transitional Housing Rehabilitation, Phase II
	Target Area	
	Goals Supported	Support community and economic development
	Needs Addressed	Infrastructure, facilities and economic development
	Funding	CDBG: \$96,000
	Description	Funds are being awarded to Family Resource, Inc. (FRC) to rehabilitate a property which serves as transitional housing facility for survivors of domestic violence
	Target Date	12/31/19
	Estimate the number and type of families that will benefit from the proposed activities	The facility will provide housing accommodations for 2 families.
	Location Description	#18 Commandant Gade, St. Thomas
	Planned Activities	Construction of a facility using CDBG funds.
14	Project Name	FRC Shelter Rehabilitation, Phase II
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$120,000
	Description	Funds are being awarded to Family Resource, Inc. (FRC) to rehabilitate a property which serves as a safe shelter for victims of domestic violence
	Target Date	12/31/19
	Estimate the number and type of families that will benefit from the proposed activities	The facility will provide safe shelter for 6 families.
	Location Description	Undisclosed

	Planned Activities	Construction of a facility using CDBG funds.
15	Project Name	Nurturing Minds Summer Camp Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$18,752.80
	Description	Funds are being requested by Nurturing Minds Developmental Daycare to conduct an 8-week inclusive summer camp for children with special needs – e.g., Autism, ADHD, Down Syndrome, etc.
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	It is anticipated that approximately 10 students between the ages of 3-14 will benefit from the proposed activity.
	Location Description	The proposed activity will take place at #89 Estate Grove Place, St. Croix; however, it is anticipated that the beneficiaries of the program will come from all across the island of St. Croix.
	Planned Activities	The proposed activity is a summer camp for children with special needs
16	Project Name	Women With Focus After-school Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$15,000
	Description	Funds are being requested by the Women with Focus, Inc. to operate an after-school program that provides a safe and healthy environment for children to enhance their academic skills and learn about arts and crafts, steel pan, drug prevention and career awareness to children ages 7-15 at the Eulalie R. Rivera Elementary School and Lorraine Village Apartments, Frederiksted.
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 30-40 low-mod income students between the ages of 7-15 are expected to benefit from the proposed activity.

	Location Description	The activity will operate from the Lorraine Village Apartments in Estate Grove Place, St. Croix.
	Planned Activities	The proposed activity is an after-school program that provides a safe, healthy environment for children to enhance their academic skills, receive instruction in steel pan, arts & crafts, and drug prevention.
17	Project Name	Mon Bijou After-school Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$30,000
	Description	Funds are being requested by the Mon Bijou Homeowners Association, Inc. to operate an after-school, summer enrichment, and martial arts program for youth in Mon Bijou and surrounding communities.
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	It is anticipated that a total of 75 children and youth ages 5-17 from Mon Bijou and surrounding communities will benefit from the proposed activity.
	Location Description	The program will operate from the Mon Bijou Community Center located at #29S,R, & Q Estate Mon Bijou, St. Croix.
18	Planned Activities	The proposed activity is an after-school and summer academic enrichment and martial arts training program.
	Project Name	Frederiksted Boys & Girls After-school Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$15,000
	Description	Funds are being requested by the Caribbean Center for Boys and Girls of the Virgin Islands, Inc. to operate an after-school program, at the Frederiksted facility, that provides homework assistance, financial management, computer skills and nutrition/physical activity.
	Target Date	12/31/2019

	Estimate the number and type of families that will benefit from the proposed activities	It is anticipated that 80 low-mod income youth ages 6-18 primarily from the areas of Frederiksted town and the outskirt neighborhoods to include Estates Smithfield, Two Brothers, Mars Hill, & Stony Ground will benefit from the proposed activity.
	Location Description	The proposed activity will operate from the Frederiksted Boys and Girls Club located at Estate Smithfield.
	Planned Activities	The proposed activity is an after-school program that provides homework assistance, financial management, computer skills, and nutrition/physical activity.
19	Project Name	Mon Bijou Land Acquisition & Community Playground Construction
	Target Area	
	Goals Supported	Support community and economic development
	Needs Addressed	Infrastructure, facilities and economic development
	Funding	CDBG: \$105,000.00
	Description	Funds are being awarded to Mon Bijou Homeowners' Association, Inc. to acquire a vacant lot to construct a community playground
	Target Date	12/31/2020
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	#29 NOP Estate Mon Bijou, St. Croix
	Planned Activities	Construction of facility
20	Project Name	My SISTAHS Keeper Mentorship After-school & Summer Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$10,000
	Description	Funds are being requested by My SISTAHS Keeper, Inc. to implement a college and workforce readiness after-school and summer program for youth in the 7th through 12th grades.
	Target Date	12/31/2019

	Estimate the number and type of families that will benefit from the proposed activities	The proposed activity will benefit 45 low-mod income youth in grades 7 through 12.
	Location Description	The proposed activity will operate from the Alternative Education facility (former location of the Juanita Gardine Elementary School) located at Penitentiary Land in Christiansted, St. Croix. The location is within walking distance of several public housing communities and also close proximity of public transportation.
	Planned Activities	The proposed activity is a college and work-force readiness program for youth in grades 7 through 12. The program will have an after-school component and also a summer component.
21	Project Name	Frederiksted Health Care Emergency Shelter Acquisition
	Target Area	
	Goals Supported	Reduce and prevent homelessness
	Needs Addressed	Homelessness services and facilities
	Funding	CDBG: \$600,000
	Description	Funds are being awarded to Frederiksted Health Care, Inc. to acquire a former guest house & restaurant complex located at #82A, b, & C Estate Whim, Frederiksted to be used for the provision of homeless services to include emergency shelter, transitional units, and permanent supportive housing as well as auxiliary clinical services
	Target Date	12/31/2019
	Estimate the number and type of families that will benefit from the proposed activities	The facility will accommodate up to 20 homeless individuals and families.
	Location Description	The facility will be located at Estate Whim, Frederiksted; however, it will serve clientele from all across St. Croix
22	Planned Activities	The project will serve chronically homeless individuals, individuals & families needing permanent supportive housing, and temporarily homeless individuals and small families needing short-term emergency shelter. Case management services (and also wrap-around services, as necessary) will be provided.
	Project Name	CDBG ADMIN 2018
	Target Area	

Goals Supported	
Needs Addressed	
Funding	CDBG: \$386,044
Description	Program administration entails activities related to the overall planning and execution of CDBG-assisted community development projects. Eligible program administration costs include, but are not limited to costs associated with staffing, general management oversight and coordination, and applicable indirect cost. In accordance with federal CDBG program regulations, up to 20% of the annual grant may be used for program administration costs.
Target Date	12/31/2019
Estimate the number and type of families that will benefit from the proposed activities	N/A ; program administration.
Location Description	N/A; program administration.
Planned Activities	Funds will be used to defray the cost of administering the CDBG Program. Eligible costs include staff costs, publication expenses, compliance monitoring and audit, travel and training.

Geographic Distribution (AP-50)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

There are no designated or HUD-approved geographic target areas in the Territory. Activities described in this Annual Plan will take place for the benefit and opportunity of low- and moderate-income persons across all three islands appropriate to the funded program. The Territory recognizes the benefit of focusing funding to achieve maximum benefit in particular areas, if the opportunity should arise, so that neighborhoods are lifted out of poverty or business areas are revitalized to create or retain badly needed jobs and safe housing.

Rationale for the priorities for allocating investments geographically

Allocations have not been invested geographically because there are no designated or HUD-approved geographic target areas in the Territory.

Although there are no formally designated or HUD-approved geographic target areas in the Territory, funding under the various programs included in this Annual Action Plan will benefit the two island districts - although in differing proportions. In all instances, funding allocations are consistent with the priorities identified in the Territory's 2015-2019 Consolidated Plan and also the input received during the citizen participation process.

- For CDBG, the distribution is 50/50 between St. Croix and St. Thomas/St. John as required by local law
- For HOME, the assistance is on a first-come, first-served basis for eligible applicants; thus there is no geographic allocation priority.
- For HTF, given the Territory's intention to allocate the HTF monies competitively along with the LIHTC, it is not possible to know at this juncture where the HTF monies will be allocated for program year 2018.
- For ESG, 100% of the FY 2018 funds will be distributed on St. Croix; however, the sole St. Thomas/St. John district applicant will receive an allocation from prior year uncommitted funds. Although not intentionally done, the allocation of the ESG funds is reasonably consistent with the geographic distribution of the applications received. St. Thomas/St. John applications represented 12.5% of the applications submitted and 11.3% of the funding requests compared to 25.2% of the funds awarded).

Affordable Housing

Affordable Housing (AP-55)

Introduction

One Year Goals for the Number of Households to be Supported	
Homeless	20
Non-Homeless	17
Special-Needs	0
Total	37

Table 8 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	20
The Production of New Units	13
Rehab of Existing Units	4
Acquisition of Existing Units	0
Total	37

Table 9 - One Year Goals for Affordable Housing by Support Type

Discussion

Homeowner housing rehabilitated: 4 existing units; direct financial assistance to first-time homebuyers: 10 new units; rental units assisted with HTF funds: 3 new units; homeless prevention/rapid rehousing rental assistance: 20 units.

Public Housing (AP-60)

Introduction

Actions planned during the next year to address the needs of public housing

The Virgin Islands Housing Finance Authority will continue to support the needs of the Virgin Islands Housing Authority and public residents during the next year. The VIHFA and the VIHA will continue to expand cooperation between the two housing providers including referral of public housing tenants in the FSS (Family Self-Sufficiency) Program and those receiving Housing Choice Vouchers to VIHFA to apply for the homebuyer program, to receive pre-purchase counseling or for homebuyer education. Increased coordination and collaboration between the agencies has resulted in the construction of new units using Project-Based Section 8 funds and Low Income Housing Tax Credits, among other sources of financing. VIHA has designed a homeownership program and partnered with the VIHFA to provide homeownership counseling and mortgage financing with various banking and mortgage institutions for residents of Williams Delight on St. Croix. Residents will be screened and processed for the homeownership program.

The activities of the annual Action Plan are consistent with the needs and goals of public housing residents. Housing stability and opportunities for self-sufficiency are key elements of both VIHA's goals and the long-term objectives of the Territory's Consolidated Plan. On a broad level, the use of CDBG funds for public services supports the needs of low- and moderate-income households - many of whom are public housing residents. In addition, the homeownership programs of VIHFA also offer first-time homeownership opportunities for low- and moderate-income households – which generally include public housing tenants.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The ROSS (Resident Opportunity and Self-Sufficiency) Program links public housing residents to support services, activities and assistance toward becoming economically self-sufficient. ROSS Coordinators assess needs of participating residents and coordinate available resources in the community to meet those needs. Services are geared toward enabling participating families to increase earned income, progress toward achieving economic independence and eventually attain housing self-sufficiency.

The Family Self-Sufficiency (FSS) program is a voluntary program to help public housing residents obtain education, job training, and life skills necessary to move toward financial self-sufficiency. Over the five-year contract period, when participating family members report an increase in earned income and a new rent payment is calculated, a portion of the increase in rent is deposited monthly in an escrow account established for the family. Once the head of household completes the contract of participation by

achieving all listed goals and is free from welfare assistance for 12 consecutive months, the family will receive the balance of the escrow account.

Participants from both the FSS and ROSS programs have been linked to supportive services such as job readiness skills training, job search tutorials, enrollment in the University of the Virgin Islands, driving instruction, parenting skills development, computer literacy courses, employment opportunities, money management workshops, disaster preparedness, alternatives to violence workshops and domestic violence awareness workshops.

The VIHA has also obtained Youthbuild Grants that provide job training, employment and education opportunities for residents. The Youthbuild Program is designed to equip youth with skills to overcome education and employment challenges.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

The Virgin Islands Housing Authority is not designated as troubled. In 2014, the VIHA was returned to the control of the local government after more than ten years of receivership by HUD. During the receivership, the local government worked closely with HUD to make improvements to the Territory's aging public housing stock and to accomplish the refurbishment of a number of off-line apartments in order to return them to service. VIHA also resolved a number of deficiencies that were noted. As a result of the transfer, VIHA is currently being managed locally and continues to operate satisfactorily post-receivership.

Discussion

Homeless and Other Special Needs Activities (AP-65)

Introduction

The Territory has a long-standing history of utilizing CDBG funds to support activities for the homeless and other special needs populations.

Homeless

During the 2018-19 program year, the Territory will utilize funding under both the ESG and the CDBG Programs in support of programs supporting the homeless.

The U.S. Virgin Islands' many public and community facilities sustained significant damage as a result of Hurricanes Irma and Maria. The storms had a widespread and lasting impact on numerous facilities which include the main homeless shelter on St. Croix, a transitional housing facility on St. Thomas, and two (2) facilities for victims of domestic violence on St. Thomas. As such, residential units for particularly vulnerable populations—the homeless, disabled, mentally ill, and elderly—has been identified as a priority need. One of the projects that is proposed for funding under the 2018 CDBG funds is the acquisition of a former guest house property on St. Croix by Frederiksted Health Care Inc. which facility will be used for the provision of homeless services to include an emergency shelter, transitional housing, and units of permanent supportive housing as well as auxiliary clinical services.

Special Needs

- Two of the St. Thomas/St. John district projects that are being proposed for CDBG funds are facilities which provide sheltering and transitional housing, respectively, for victims of domestic violence.
- One planned CDBG public service project is an inclusive summer camp for children with special needs – e.g., Autism, ADHD, Down Syndrome, etc.
- During the period, one non-profit subrecipient, Women's Coalition of St. Croix, will continue utilizing CDBG funds that were awarded in a previous grant year to undertake development of its facility on St. Croix that will provide transitional housing for victims of domestic violence.

One-year goals and actions for reducing and ending homelessness:

- Outreach to homeless persons (especially unsheltered persons) and assessment of their individual needs

The Continuum of Care will continue to work toward improving the quality of the Point-in-Time count and also of HMIS data to provide basic information on homeless needs. These data sources will provide the

Continuum and its members with comparative data on which to assess gaps in housing and services and determine individual needs.

Outreach, assessment and placement for homeless persons with mental illness will continue to be conducted through the PATH Program. In addition, as the Continuum moves toward full implementation of the coordinated entry system, the process of assessing individual needs to determine appropriate placement will be improved. The intake process includes conducting initial evaluations of the client including verification of eligibility for housing.

In the 2018-2019 grant cycle, funds are being awarded to Frederiksted Health Care, Inc. for its street outreach program on St. Croix.

- Addressing the emergency shelter and transitional housing needs of homeless persons

The passage of Hurricanes Irma and Maria in September 2017 and the resulting damages as well as disruption of business services impacted two major projects aimed at addressing the transitional housing needs of homeless persons. Catholic Charities was underway with construction of a 10-bed transitional housing facility on St. Croix. In the St. Thomas district, MTOC, Inc. was preparing to commence rehabilitation of its Hill Top transitional housing facility in downtown Charlotte Amalie in the property formerly known as the Old Unity Lodge. Completion of both projects had been anticipated in 2018 but will now likely be delayed until 2019. In the case of MTOC, the facility sustained damages rendering it uninhabitable and so the residents had to be relocated.

VIHFA's Emergency Housing Program provides close to 40 units of temporary housing for victims of domestic violence, natural disaster, catastrophic incidents and financial hardships across four complexes – three in St. Croix and one in St. Thomas. All four complexes sustained damages as a result of the hurricanes. In addition, the VIHFA will seek ways to complete the rehabilitation of the properties so that they can once again provide emergency housing accommodations for individuals and families experiencing short-term homelessness.

In 2018-2019, Frederiksted Health Care, Inc. will utilize \$600,000 of 2018 CDBG funds for the acquisition of a former guest house property on St. Croix by Frederiksted Health Care Inc. which facility will be used for the provision of homeless services to include an emergency shelter, transitional housing, and units of permanent supportive housing as well as auxiliary clinical services.

- Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were

recently homeless from becoming homeless again

The ESG Program will provide rapid rehousing resources and prevention services to persons in need. Under either homelessness prevention or rapid rehousing assistance, ESG funds may be used to pay rental application fees, security deposit, and first month's rent at move-in to assist in move-in costs. Funds will also be used to provide rental assistance for up to 24 months to assist clients in attain and maintain stability. In the 2018-2019 grant cycle, the sum of \$95,403 is being awarded to subrecipients to carry out homeless prevention & rapid rehousing activities in the Territory (i.e., \$48,903 in the St. Croix district and \$46,500 in the St. Thomas/St. John district).

Under the Territory's ESG homelessness prevention/rapid rehousing assistance program, funds may be also be used to pay for housing search/placement and case management services to support transition to permanent housing in 2018-2019 including intake services or activities necessary to assist program participants in locating, obtaining, or retaining suitable permanent housing, and case management activities (counseling, coordinating and securing benefits, conducting re-certifications and reevaluations) which result in program participants achieving permanent housing stability. Stabilizing case management services include developing individualized housing and service plans; coordinating referrals and services and assisting the participant to secure benefits, as appropriate; and, monitoring and evaluating the participant's progress toward achieving the milestones of the housing stability plan.

A major step toward improving transition to permanent housing will be taken by Catholic Charities with construction of a 10-bed transitional housing facility on St. Croix. In the St. Thomas district, MTOC, Inc. will operate a transitional housing facility in downtown Charlotte Amalie in the property formerly known as the Old Unity Lodge. The Territory has been awarded twelve new VASH Vouchers for Veterans with Permanent Supportive Housing needs; these vouchers will assist veterans to transition to housing stability. In addition, the Territory will continue to seek ways to resolve the relocation of persons living in housing classified as "emergency housing" but occupied by households using it as permanent housing.

Another major step toward improving transition to permanent housing on St. Croix will be Frederiksted Health Care's acquisition of a former guest house property - a portion of which facility will be used for the provision of units of permanent supportive housing. As a result of its participation in a privately-sponsored "Reaching Potentials" initiative over the past several years whereby working in conjunction with various nonprofit partners, medical and other services have been provided to homeless persons, Frederiksted Health Care has identified a number of chronically homeless clients who require permanent supportive housing. FHC has established an Assertive Community Treatment (ACT) Team to work with the clients. It is anticipated that the proposed facility will provide up to 12 units of permanent supportive housing for individuals and small families.

- Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster

care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

To prevent discharging persons from institutions into homelessness, the Continuum recognizes the need to work toward strengthening referral and placement procedures with area hospitals and corrections facilities. In addition, cooperative actions between Continuum, its members and the Department of Human Services can help prevent individual youth graduating out of foster care from falling into homelessness. Having adequate housing resources available in which to place persons being discharged is critical. Subject to vacancies, the following are among the resources that are available as resources for persons being discharged from institutions: Department of Human Services; Frederiksted Baptist Church (Eagles Nest); Methodist Training and Outreach Center; Catholic Charities; The Village- VI Partners in Recovery, and, St. Croix Mission Outreach. The Continuum recognizes that there are insufficient housing resources to meet the demand for persons coming from institutions and will work toward expanding those resources in the 2018-2018 year.

It is anticipated that the implementation of the Coordinated Entry System, while not providing additional units, will help reduce the occurrence of persons being discharged from programs or institutions to homelessness. The written standards which are being established in conjunction with the CES protocol include institutional re-entry clients among the priority population for transitional housing.

Barriers to affordable housing (AP-75)

Introduction

In the Virgin Islands, a number of factors combine to create significant barriers to affordable housing. These include the limited supply of buildable land, the high cost of utilities and infrastructure, prohibitively high costs of insurance, lack of centrally supplied water and sewer service for most areas, limited federal program funding, and the strained fiscal condition of the Territorial government. Large deficits and flat revenues virtually preclude significant local support for housing programs. Costs are high and incomes of Virgin Island residents are low.

- Planned actions to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

A number of the programs seek to reduce barriers to affordable housing. HOME Program funds are all allocated to affordable housing. The VIHFA has programs to increase homeownership, including programs in cooperation with the VI Housing Authority and other partners (e.g., USDA Rural Development). The VIHFA and the Territorial government have provided land for housing at reduced costs, which represents a substantial subsidy for both the lot and infrastructure. Certain tax benefits are granted to every person, firm partnership, joint venture, or corporation that executes an Affordable Housing Development Agreement for the production of affordable housing and also registered subcontractors and materials vendors. All local corporate income taxes allocable to the project are also waived. The cost savings serve to reduce development costs and translate into more affordable purchase prices.

Stamp Tax revenues collected by the Territorial government have been used by the VIHFA to develop an in-house lending program (Single Family Loan Purchase Program) to assist first-time homebuyers who are unable to qualify for assistance under the HOME Program. Housing counseling and homebuyer education courses make applicants ready to purchase and maintain housing. This has been extended in the past and is available to qualifying public housing residents.

The Territory will also utilize its allocation under the Housing Trust Fund (HTF) to help reduce barriers to affordable housing – notably for extremely low-income households (i.e., earning at or below 30% of Area Median Income). Pursuant to an allocation plan developed, VIHFA will coordinate its HTF allocation process with the Low Income Housing Tax Credit (LIHTC) application process. VIHFA has developed a short-form HTF application that will be completed by LIHTC applicants. Projects which achieve a minimum threshold score on the LIHTC application in accordance with the criteria outlined in the Territory's most recent Qualified Allocation Plan (QAP) will then be scored pursuant to the evaluation criteria established for HTF. Projects which achieve the requisite minimum score for the HTF program will be ranked with the

highest-scoring project being awarded the HTF funds. The VIHFA anticipates that this use of the funds will enable LIHTC developers to include a small number of units reserved for households in the extremely low income category in their developments – thus increasing affordable housing choice for this very vulnerable population.

The Virgin Islands Territorial government is also working on updating the zoning codes. The current code (last updated in 1972) is antiquated. The new codes are anticipated to review zones and establish blanket policies, rather than having to rely on spot rezoning. There is sufficient allowance in the existing code for housing in 18 zones; however, the update will allow more clarity and flexibility in residential zones, especially between zones for low and high density housing.

AP-85 Other Actions – 91.220(k)

Actions planned to address obstacles to meeting underserved needs

The VIHFA and the VIHA will continue to expand cooperation between the two housing providers including referral of public housing tenants who are in the Family Self-Sufficiency (FSS) program and those in the Housing Choice Voucher program to VIHFA to apply for its homebuyer program, to receive pre-purchase counseling or homebuyer education. VIHFA continues to work collaboratively with USDA Rural Development to structure affordable financing packages with a focus on increasing the number of low-income households achieving home ownership. The objective is to facilitate the creation of innovative financing packages, structured within the framework of both programs, which ultimately will result in increased home ownership opportunity for clients from typically underserved populations.

Other actions to be taken include additional capacity-building relative to the Continuum of Care to improve the potential to obtain additional resources under the new Continuum of Care Program and increase both services and housing to homeless in the Territory. The VIHFA serves as the designated CoC Lead Agency. This is also expected to improve the coordination of homeless programs/services. Finally, homeless providers are planning to work cooperatively to continue annual Homeless Connect events that engage the homeless and bring together in one location the various homeless programs/services.

In 2012, the local emergency housing program was restructured requiring emergency housing applicants to be represented by an approved service provider agency to act as provider, coordinator, or referral agency for the range of supportive/community services that may be needed by or available to the applicant. The local emergency housing program has entered into Memoranda of Understanding with several service providers and strengthened relationships with others.

Actions planned to foster and maintain affordable housing

The many programs and opportunities, current and in development, offered by VIHFA and the VIHA are aimed at increasing affordable housing. HOME Program projects will increase homeownership opportunities, expanded by the ability to leverage funds. As a result of the consolidation of the local government's rental and home ownership housing programs under VIHFA, program coordination, implementation and management between the rental and home ownership programs continue to improve. With local housing programs under common management, VIHFA becomes a "one-stop shop" for rental and homeownership housing. This, combined with existing programs, increases access and processing expediency.

The VIHFA conducts numerous outreach events throughout the year to present information on programs and promote awareness of the various affordable housing opportunities. VIHFA also provides homebuyer education classes to equip prospective homebuyers with information about the steps to purchase a home.

Beginning in 2017, homebuyer classes are now available on-line. It is anticipated that this should expand the number of persons that receive information about home ownership options. In addition, various home ownership programs now have a centralized application process and determination of eligibility for the program most appropriate to the need/ situation of the particular applicant. This now allows for the implementation of a true continuum approach to the delivery of housing services.

The Territory's use of funds allocated under the Housing Trust Fund (HTF) – notably for extremely low-income households (i.e., earning at or below 30% of Area Median Income). Pursuant to an allocation plan developed, VIHFA will distribute HTF funds in conjunction with the Low Income Housing Tax Credit (LIHTC) application process - albeit through a separate competitive process utilizing separate scoring criteria outlined in the Territory's recently approved HTF Allocation Plan. The VIHFA anticipates that this use of the funds will enable LIHTC developers to include a small number of units reserved for households in the extremely low income category in their developments – thus increasing affordable housing choice for this very vulnerable population.

Actions planned to reduce lead-based paint hazards

Limited residential rehabilitation is proposed in the current year. The HOME Program tends to rehabilitate properties which have limited condition issues in order to stretch scarce funds and, in the short term, will be prioritized to benefit elderly householders, thus avoiding risks for children. In the event that a project with potential Lead-Based Paint (LBP) hazards is to be rehabilitated, VIHFA will comply fully with the requirements and abate any hazards.

During this program year, no CDBG and ESG funds are expected to be provided for residential rehabilitation. Where applicable, sub-grantees will be required to follow LBP requirements, will be given instruction on the specific requirements and will be monitored to assure compliance. As part of the procedures, information will be provided to property owners and occupants on the dangers of Lead-Based Paint, and potentially hazardous surfaces will be properly covered when found.

Actions planned to reduce the number of poverty-level families

One of the goals of the 2015-2019 Consolidated Plan is to support community and economic development. Several projects that were funded in previous grant years will continue to support community development. One project originally proposed for the 2017-18 program year but which was delayed by the hurricanes is the Bethlehem Village & Profit Hills Community Center) will indirectly reduce the number of poverty-level families by providing a facility which will house on-site educational, vocational, and social programs/services for 196 tenant families of a low-income housing community. The project is now expected to commence in the 2018-19 program year.

Annual projects support programs and activities assisting the homeless to become as self-sufficient as possible through new or improved housing and facilities, supportive services and preventative services, with particular emphasis on assistance to chronic homeless persons and to persons with mental illness

and addiction to substances. Projects provide support for youth, including a structured environment to reinforce education and positive behaviors in order to reduce juvenile delinquency and school drop-outs and end thus the cycle of poverty. Projects continue to support and expand services for special needs populations including (among others) youth, the elderly, domestic violence victims, physically and mentally challenged, chronic substance abusers and persons with the AIDS virus, with special emphasis for persons suffering from substance abuse or mental illness.

In addition, increased coordination of programs and services with the Continuum of Care and the Department of Human Services will be essential to assure that activities under the Plan have a maximum impact. Families living in poverty will be assisted with their basic needs by expanding outreach to persons at risk and in crisis. Support for and strengthening of the Continuum of Care will provide key services and support to persons in need, many of whom are homeless or at-risk of becoming homeless.

A number of existing housing initiatives tie into the antipoverty strategy. Increasing housing choice for lower-income households has long-term positive economic effects; owning a home enables the household to build equity, which can be parlayed into greater purchasing power and thus moving families away from poverty. Use of HOME funds for home ownership assistance creates opportunities for lower-income households to become home owners in any neighborhood across the Territory which enables lower-income families to relocate to neighborhoods that provide more opportunities. Successful collaboration between VIHFA's HOME Program and USDA Rural Development's Direct Lending Program enables many low-income households who were previously rent-burdened to achieve home ownership with affordable payments. The Family Self-Sufficiency Program and the Housing Choice Voucher Home Ownership program, both of which are administered locally by the Virgin Islands Housing Authority have the goal of assisting lower-income households to achieve home ownership. The Family Self-Sufficiency Program helps families save toward down payment and closing costs, while the Housing Choice Voucher home ownership program subsidizes the family's monthly housing payment for up to ten years.

Actions planned to develop institutional structure

Consolidation of all local housing programs under the Virgin Islands Housing Finance Authority and transfer of administrative oversight for CDBG and ESG Programs to VIHFA were significant steps toward strengthening the capacity of the institutional structure. Since those changes, the VIHFA has continued to work toward fine-tuning its organizational structure and expanding staff capacity to ensure efficient delivery of services. In addition, the VIHFA created a nonprofit subsidiary (VI Housing Management, Inc.) to manage the inventory of rental properties, which both increases capacity and increases efficiency.

The Virgin Islands Housing Finance Authority has recently been accepted as a member of the Federal Home Loan Bank of New York (FHLBNY). This association will expand the VIHFA's capacity to finance housing and economic development activities throughout the Virgin Islands. Membership in the Federal Home Loan Bank of New York is a significant accomplishment as it will open new doors to finance and develop new housing opportunities for the residents of the Territory. As a member, the VIHFA will have

access to capital which can be used for low-interest construction loans thereby affording contractors with another avenue to obtain project financing. This will continue to foster growth and development opportunities and promote economic stability in the Virgin Islands.

Additional actions planned during the period to develop institutional structure include the strengthening of the ESG Program through the adoption of joint written standards governing ESG- and also CoC-funded projects. The standards will facilitate the implementation of the Coordinated Entry process and facilitate the efficient management of the Territory's scarce homeless resources. Finally, the adoption of formal standards is expected to elevate the level of service delivery. This will require capacity building among the various providers which will ultimately result in a stronger framework overall.

Actions planned to enhance coordination between public and private housing and social service agencies

The relationship which exists between the VIHFA and the Virgin Islands Housing Authority (VIHA), the two main providers of affordable (assisted) housing, is further strengthened by partnering on projects that rehabilitate and/or construct new units of housing. An example is the receipt of low income housing tax credit allocations for the Louis E. Brown Villas in St. Croix. The VIHFA and VIHA also entered into agreements to provide services to public housing residents to facilitate readiness for homeownership.

The VIHFA has a full-time staff position dedicated to the implementation of the ESG Program and the development of policies to reduce homelessness and increase services available to persons who are homeless or at-risk of becoming homeless. This has made for better coordination and exchange between VIHFA and other entities making up the Interagency Council on Homelessness and the Continuum of Care. Member agencies, many funded with CDBG and ESG grant funds, are strengthened by ongoing technical assistance and monitoring activities.

The Virgin Islands Housing Finance Authority also spearheads the local Emergency Housing Task Force which outlines resources and strategies to employ in the case of a disaster (including hurricanes, tornadoes, and/or tsunamis). The Emergency Housing Plan was completed during 2013-2014 and Memoranda of Understanding are in place outlining functions and roles in disaster management.

Program Specific Requirements (AP-90)

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	100.00%

Reference 24 CFR 91.220(l)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The specific forms utilized by the Territory are deferred grants and low-interest loans with no interest, interest only, and/or deferred payments. The Territory of the U.S. Virgin Islands does not utilize other forms of investment beyond those identified at Section 92.205.
2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for

homebuyer activities as required in 92.254, is as follows:

Recapture: Recapture provisions are triggered by any transfer of title, voluntary or involuntary, during the established affordability period. Recapture provisions apply where HOME funds are employed to assist home ownership housing to qualify as affordable either by providing financial assistance to enable purchase or monies as a development subsidy which then enables the unit to be sold at a price below fair market value. Under the recapture option, the original HOME-assisted homebuyer is permitted to sell/transfer the property to any willing buyer at whatever price the market will bear; however, the participating jurisdiction will recapture from the net proceeds all or a portion of the direct HOME subsidy assistance provided. The amount recaptured by the participating jurisdiction will not exceed the available net proceeds.

Upon resale, the homebuyer shall recover from net proceeds their entire investment before the jurisdiction recaptures the direct HOME subsidy. If the net proceeds are insufficient to repay the homeowner's investment, the homeowner shall receive the available net proceeds and the jurisdiction shall not be responsible for any balance remaining. If net proceeds are not sufficient to repay the homeowner's investment and the direct HOME subsidy, the jurisdiction may not be able to recapture the full amount of the direct HOME investment. Excess proceeds remaining after repayment of the homeowner's investment and the direct HOME subsidy, the excess proceeds will be shared on a pro rata basis.

The HOME Programmatic Agreement contains language which outlines all the applicable HOME requirements to include the affordability period and the conditions which trigger recapture. The VIHFA will utilize mortgage documents as the primary mechanism for enforcement of the recapture provisions. These include a delineating the portion of the HOME investment that is the direct subsidy subject to recapture. The homebuyer is required to execute a promissory note for the amount subject to recapture. A mortgage is also recorded at transaction closing to secure the obligation.

Resale: Resale provisions are triggered by any transfer of title, voluntary or involuntary, of the HOME-assisted property during the established affordability period. Under the resale option, when the original homebuyer transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the sales price must be affordable to a reasonable range of low-income buyers.

The jurisdiction shall ensure that the resale price of the property is affordable to the stated target population of households with incomes between 60% and 80% of area median income. Affordability of the unit will be calculated based on the maximum monthly loan payment that would result in the target population paying no more than 35% of their monthly income as their fixed housing cost (i.e., PITI).

Under the resale option, the resale price must provide the original homebuyer a fair return on investment. The formula for calculating fair return shall be: (Downpayment Paid + Cost of Qualified

Capital Improvements) X CPI index. Total return to the homeowner at resale = Downpayment Paid at Purchase + Cost (value) of Qualified Capital Improvements + Fair Return.

If the fair market value at sale is less than the original purchase price plus the value of the homeowner's investment, the homeowner may not be able to receive the fair return amount (appreciation) or even any portion of the amount of the investment. The participating jurisdiction shall not have any obligation to the homeowner if this should occur.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Pursuant to the requirements set forth at Section 215 of the HOME statute and promulgated at 24 CFR 92.254 of the HOME rule, in order for HOME-assisted home ownership housing to qualify as affordable housing it must meet affordability requirements for a specific period of time as determined by the amount of assistance provided. The minimum affordability period under the Territory's Program is twenty years or the term of the primary financing (mortgage) secured by the homebuyer to purchase the assisted unit, whichever is greater. Guidelines in discussion of Resale/Recapture apply here as well. See above response.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

The jurisdiction does not utilize HOME funds for refinancing of homeowner or multifamily properties. Where HOME funds are provided for rehabilitation of owner-occupied units, if underwriting shows that the owner needs cannot afford additional housing costs, the HOME assistance is structured as a grant. If the overall housing costs would still be beyond acceptable limits even with the grant structure, then HOME assistance is not provided.

Emergency Solutions Grant (ESG)

Reference 91.220(l)(4)

1. Include written standards for providing ESG assistance (may include as attachment)

Detailed discussion of standards attached as a separate document.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

The CoC's completion of its Coordinated Entry protocol and implementation of the CE system was delayed by the disruption of normal operations of Hurricanes Irma and Maria which devastated the Territory in September 2017. The CES sub-committee of the local Continuum of Care continues to

work on the development of the protocol. A draft document was provided to HUD in July 2018 and the CoC is awaiting technical assistance from HUD which will enable the finalization of the protocol. The Territory expects to be in full compliance with the requirement for implementation of a functional Coordinated Entry System by January 2018.

The following is a brief overview of the system that is being developed.

Design Principles

USVI CES will help people access the housing crisis system faster, by ensuring that persons with the greatest needs receive priority for the housing and homeless assistance available in the Territory of the USVI. Design principles include:

- Client-centered practices where every person at risk of or experiencing homelessness is treated with dignity, offered at least minimal assistance, afforded the opportunity to participate in the development and execution of their own housing plan (if applicable) and with clients offered choice during the referral process whenever possible.
- Degree of vulnerability as the primary factor in determining where the Territory's limited resources should be directed first
- Avoidance of system practices and individual project eligibility criteria which may pose barriers to housing access
- Policies and practices that respect cultural, regional, programmatic, linguistic, and philosophical differences.
- A diversity of housing options created through collaborative and inclusive planning and decision-making practices based on data analysis of local housing needs

Components of CES

The USVI CoC CES has four distinct elements: Access, Assessment, Prioritization and Referral.

- The **access** element includes identified access point locations and CoC- and ESG-funded project outreach and case management staff engaging with at-risk populations.
- The **assessment** element consists of identification of homeless status and completion of a standard assessment tool (the CoC is considering use of the VI-SPDAT) which is used to evaluate risk factors, vulnerabilities and severity of service needs.
- The **prioritization** element entails using the VI- SPADT score to assign priority to each applicant for services according to the USVI CoC Written Standards for CoC & ESG projects, which will have been established in accordance with 24 CFR 576.400(e) and 24 CFR 578.7(a)(9).
- The **referral** element entails the process wherein intake staff refer the client to the indicated program(s) based on the prioritization criteria and program eligibility requirements.

Access

The USVI Coordinated Entry System embraces a “no-wrong-door approach” to ensure that any person who is at risk of, or experiencing homelessness can access the CES expeditiously regardless of where they first present seeking/needing services. CE Access Point locations where participants experiencing or at imminent risk of homelessness can physically receive the standardized CE Assessment are situated in proximity to public transportation and other services to facilitate participant access. In addition, a CoC or recipient of Federal funds may be required to offer some variation to the process, e.g., a different access point, as a reasonable accommodation for a person with disabilities. For example, a person with a mobility impairment may request a reasonable accommodation in order to complete the coordinated entry process at a different location.

All defined access point providers and participating CoC participants must administer the USVI CES Assessment Process as defined by CoC written standards with uniform decision-making across all assessment locations and staff. If access points or assessment processes are conducted or managed by providers who do not receive HUD or USVI local funds, those providers must still abide by assessment standards and protocols defined by the CoC.

VICoC has currently identified twelve (12) points of access across the Territory for the CES, which will provide a standardized assessment approach for all persons. Additionally, all HMIS partner agencies and ESG-funded agencies will have the ability to assist in immediately connecting prospective clients to Access Points. The ultimate goal is to incorporate additional programs in the future from throughout the Territory as appropriate and available.

The CES business hours are Monday thru Friday from 8am to 5pm, excluding holidays at the identified access point locations. Persons who experience crisis outside of normal business hours can be provided emergency services immediately by crisis response agencies to stabilize the emergent situation. The emergency provider will contact a CE Access Point on the next available date/time during normal CES business hours to coordinate the transport of the client to the Access Point so an assessment can be conducted and the client referred for housing placement and/or mainstream services, as appropriate.

The following will have the ability to assist in immediately connecting prospective clients to Access Points:

- **Street outreach:** Mobile case managers/outreach workers provide services to persons where they are. Upon engaging a client, the street outreach worker will identify homeless status and conduct a CES assessment or link the individual with an access point location. Although there are limited providers currently utilizing CoC and/or ESG funds to provide street outreach services in the Territory, there are various homeless service provider organizations that currently serve as links between the unsheltered homeless and the community at large. The CoC has identified numerous such links including but not limited to:

- EMERGENCY shelters, the local Emergency Housing Program , day services programs (such as soup kitchens and showers)
- Schools, hospitals, health clinics, Bureau of Corrections
- DHS, VA, VI Housing Authority, Department of Health, Department of Labor
- Emergency and crisis support agencies (911, VI Police Department, other first responders)
- Events: such as local Project Homeless Connect events, health fairs
- Faith-based organizations
- Residential substance abuse and mental illness co-occurring treatment providers,
- Domestic violence service providers
- HIV/AIDS advocacy agencies

Assessment

All defined access point providers and participating CoC participants must administer the USVI CES Assessment Process as defined by CoC written standards with uniform decision-making across all assessment locations and staff. If assessment processes are conducted or managed by providers who do not receive HUD or USVI local funds, those providers must still abide by assessment standards and protocols defined by the CoC.

- Physical assessment shall be safe and confidential to allow for individuals to identify sensitive information or safety issues in a private and secure setting.
- Tools and assessment processes are easily understood by participants.
- Assessment questions and instructions will be required to reflect the developmental capacity of participants being assessed.
- Assessments are based in part on participant's strengths, goals, risks, and protective factors.
- Assessments are sensitive to participants' lived experience.

Prioritization

While some non-ESG and CoC programs do not have specific income or homeless verification criteria, the CoC requires that, as a condition of receiving assistance, ALL participants demonstrate lack appropriate housing options, sufficient resources and support networks to obtain or retain housing. Third party supporting documentation is generally required. The CoC has established a Coordinated Entry Prioritization Policy to guide projects in filling vacant units/vouchers. Programs are required to determine and document eligibility and priority status.

The VI CES uses any combination of the following factors to prioritize homeless persons:

- Significant challenges or functional impairments, including physical, mental, developmental, or behavioral health challenges, which require a significant level of support in order to maintain permanent housing.
- High utilization of crisis or emergency services to meet basic needs.

- Extent to which persons, especially youth and children, are unsheltered.
- Vulnerability to illness or death.
- Risk of continued homelessness.
- Vulnerability to victimization, including physical assault, trafficking, or sex work.

In cases where the assessment tool does not produce the entire body of information necessary to determine a household's prioritization, either because of the nature of self-reporting, withheld information, or circumstances outside the scope of assessment questions, case workers and others working with households may provide additional information through case conferencing or another method of case worker input.

Referral

The CoC's CE protocol includes a uniformed and coordinated referral process for all beds, units, and services available at participating projects within the CoC's geographic area. CoC and ESG program recipients and subrecipients must use the coordinated entry process established by the CoC as the only referral source from which to consider filling vacancies in housing and/or services funded by CoC and ESG programs. Non HUD-funded CoC agencies participating in the coordinated entry process also are encouraged to give priority to referrals from the referring agency/entity when filling project vacancies.

The CoC has established referral criteria for all projects for housing and services. The CoC has committed to publishing referral criteria at least annually and support the identification of, and connection to, appropriate housing and services for all assessed clients. The CoC will maintain and annually update a list of all resources that may be accessed through referrals from the coordinated entry process.

CES will make referrals using a client-centered approach. A client-centered approach encourages participant choice in decisions such as location and type of housing, level and type of services, and other project characteristics - including assessment processes that provide options and recommendations that guide and inform participant choice, as opposed to rigid decisions about what individuals and families need - and allowing clients to freely refuse referrals. The CoC's referral process is informed by Federal and local Fair Housing laws and regulations and ensures participants are not "steered" toward any particular housing facility or neighborhood because of race, color, national origin, religion, sex, disability, or the presence of children. The CoC and all agencies participating in the coordinated entry process shall comply with the equal access and non-discrimination provisions of Federal civil rights laws.

To ensure client privacy, the CoC has established a minimum set of participant information associated with a referral which will be shared by a referring agency/entity with the project receiving the referral. To ensure transparency in client care coordination and decision making, all CES participants receiving a comprehensive assessment and referral to a CoC project must be offered written documentation of

the assessment results and referral with an indication of the CES participant's prioritization for the referral intervention being offered. The information shall be presented with sufficient clarity such that, upon referral, participants are able to easily understand to which program they are being referred, entry requirements of the program, services provided, what the program expects of them, what they can expect of the program, and evidence of the program's rate of success.

Each CoC project is required to establish and make publicly available the specific eligibility criteria the project uses to make enrollment determinations. The referral criteria must identify all the eligibility and exclusionary criteria used by program staff to make enrollment determinations for referred persons or households. Referral guidelines also include acceptable time frames for reviewing and communicating referral decisions to program participants (i.e. whether the potential program participant is either accepted or denied enrollment). The CoC and projects participating in the coordinated entry process do not screen potential project participants out for assistance based on perceived barriers related to housing or services. Where a potential client is not offered enrollment, the reason for rejection must be clearly communicated and documented in HMIS.

The CoC's written CE policies and procedures include standardized criteria by which a participating project may justify rejecting a referral. The CoC's written CE policies and procedures document a uniformed process for managing rare instances of referral rejection, as well as the protocol the coordinated entry process must follow to identify suitable options when projects reject a participant and when participants reject a project and to connect the rejected household with a new project.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

Pursuant to the HEARTH Act, ESG recipients and the local Continuum of Care are required to collaborate in planning, funding, implementing, and evaluating homeless assistance and homelessness prevention programs. Accordingly, the Territory consulted with the local CoC on key program elements including: establishing funding priorities to determine how ESG funds will be allocated for eligible activities; developing project performance standards; reviewing project proposals; and, determining funding allocations. To facilitate the process of consultation, a survey instrument was distributed to CoC member organizations. In addition to asking respondents to rank strategies for addressing homelessness, the survey also asked respondents to comment on whether funding priorities should be identical across the two island districts, the criteria that should be considered in selecting proposals for receipt of ESG funds, and performance measures that should be used to evaluate ESG-funded activities. As the local CoC develops its capacity, it is anticipated that it will be able to play a greater consultative role in developing performance standards for evaluating ESG project outcomes and also establishing policies and procedures for the oversight of administration of the local HMIS.

With respect to ESG funds, the Territory conducts a solicitation for proposals from organizations interested in utilizing ESG funding to carry out eligible activities. Notices announcing the availability of applications are placed in the local print media as well as the on-line newspaper. Information about

the funding opportunity is also disseminated at the monthly meeting of the local Continuum of Care (CoC). The process entails completion of an application which requires the applicant to provide information about the experience of the organization, the proposed activity, the funding request, the program budget, and the proposed number of program beneficiaries.

For FY 2018, eight organizations submitted applications for funding proposing a range of services. An evaluation committee which included three (3) representatives of the local Continuum of Care (CoC) on Homelessness evaluated and rated the ESG applications utilizing a rating tool that was developed for the purpose. Awards were made based on the scoring achieved by the applicant.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

ESG regulations include a provision whereby the jurisdiction is required to consult with homeless or formerly homeless individuals in considering and making policies and decisions regarding any ESG-funded facilities, services, or other assistance. VIHFA has instituted a requirement that each organization that applies for funding under the ESG Program demonstrates that there is at least one homeless or formerly homeless individual included among the organization's Board of Directors or an advisory committee thereof. HUD has recently informed the VIHFA that the Territory cannot meet the compliance by delegating this requirement to program subrecipients. As a result, VIHFA is currently developing a plan for incorporating consultation with homeless or formerly homeless individuals in its development of policies and funding decisions relative to the ESG program. The plan will require approval of the VIHFA's Board of Directors.

5. Describe performance standards for evaluating ESG.

Relative to reducing the number of persons living on the streets or in emergency shelters, the key performance standard for agencies providing street outreach and/or rapid rehousing assistance include the number of homeless persons placed into housing (shelter, transitional, supportive, etc.); the number exiting to permanent housing; and, information showing an increase in total income. The local HUD CPD representative recently provided the jurisdiction with guidance to assist the jurisdiction (in consultation with the CoC) develop more comprehensive performance standards for ESG-funded programs.

Relative to shortening the time that persons remain homeless, the Territory's ESG program will strive to achieve a standard for rapid rehousing whereby the homeless client (individual or family) will be in a shelter within five (5) days and then housed within ten (10) additional days. The ESG provider will be evaluated on whether there are systems in place to facilitate quick response from time of

identification of homeless person/family to completion of preliminary intake to placement in housing. Some of the factors that will be reviewed include whether the provider agency maintains an updated listing of amenable landlords and available units with utilities included in rent.

Relative to reducing the program participant's housing barriers or stability risks, the performance standards will vary slightly depending on whether the client received homelessness prevention or rapid rehousing assistance. In all cases, a key measure of performance will be the extent to which the provider has assisted the participant to achieve the major objectives of the housing stability plan. For homelessness assistance, the key factors to be considered include the extent to which the assisted clients maintained their housing or exited to new, affordable permanent housing and maintained or increased total income (excluding those who maintained zero income). With respect to rapid rehousing, in addition to the factors of exiting to new, affordable permanent housing and maintaining or increasing total income (excluding those who maintained zero income), another key performance standard will be that none of the assisted persons have experienced additional episodes of homelessness within the subsequent 12 months after the cessation of the ESG homelessness prevention or rapid rehousing assistance.

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

☒ Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

N/A – The jurisdiction does not plan to distribute funds through grants to subgrantees.

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Eligible Activities

The eligible activities for the HTF funds under this plan will be the production of affordable rental developments in which a portion of the rental units are set-aside for households with incomes at or below thirty percent of area median income, as adjusted for household size ("ELI Households"). This activity is consistent with the priority needs and corresponding goals outlined in the 2015-2019 Consolidated Plan:

Among the priority needs that were established with high priority is:

- Affordable housing choice

The corresponding goals that were established to meet the need for affordable housing choice:

- Increase and preserve affordable housing units

Use of funds under this HTF Plan will address the need of affordable housing choice by increasing the number of affordable housing units through new construction.

The Territory will make HTF funds available in support of new construction rental units only. The Territory will not use 2018 HTF funds in support of development or rehabilitation of home ownership housing or to provide direct assistance to first-time homebuyers.

As new construction, all HTF –assisted projects will be required to meet the standards outlined in the Virgin Islands Housing Finance Authority's Affordable Housing Development Guidelines which are minimum standards that may be exceeded by the applicants at their discretion.

Eligible Recipients

Eligible Recipients under this Plan are for-profit or non-profit housing developers [including public housing agencies (PHAs) working in conjunction with for-profit or non-profit developers to re-develop public housing communities]. These organizations receive HTF assistance from a grantee as an owner or developer to carry out an HTF-assisted project.

To be eligible, a recipient must:

- (1) Make acceptable assurances to the VIHFA that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;
- (2) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;

(3) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and

(4) Demonstrate experience and capacity to conduct an eligible HTF activity as evidenced by its ability to: (i) own, construct or rehabilitate, and manage and operate an affordable multifamily rental housing development; or (ii) design, construct, or rehabilitate, and market affordable housing for homeownership, or (iii) provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.

Individuals are not eligible to receive direct assistance from the Housing Trust Fund.

The Territory does not intend to use sub-grantees in the current funding cycle.

Eligible Projects

Eligible Projects are defined as Eligible Activities undertaken by Eligible Recipients.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Projects satisfying the scoring criteria for LIHTC award will be further evaluated in accordance with the HTF Scoring Criteria outlined below. The project which achieves the highest total points in the HTF scoring will be awarded the available HTF funds to include a small number of units reserved for households in the extremely low income (ELI) category in their development – thus increasing affordable housing choice for this very vulnerable population. The minimum score required for HTF award is thirty (30) points.

In order to obtain points for the respective criteria, the applicant shall provide documentation where applicable. Any supportive documentation is subject to verification, and the VIHFA may require additional information as a condition of awarding points. The VIHFA may reject any documentation deemed to be insufficient, unsupported, or inadequate for the particular scoring criteria.

The selection criteria are as follows:

1. Geographic Diversity

5 points

Note: This scoring criterion coincides with LIHTC criterion #9 as outlined in the Territory's LIHTC Qualified Allocation Plan.

Projects that will be located in the Territory's downtown areas (Christiansted, Frederiksted, Charlotte Amalie, & Cruz Bay) will receive a score of five (5) points. A proposed project within these areas of that has occupancy restrictions or preferences that favor tenants with special needs will receive five (5) bonus points.

The most recent update to the Analysis of Impediments for the Territory was completed in 2015. The analysis stated that, although the two key providers of housing in the Virgin Islands – the Virgin Islands Housing Finance Authority and the Virgin Islands Housing Authority – have made significant inroads since the 2006 AI in providing quality housing, improving housing choice, and reducing barriers to affordable housing, the need for affordable housing choice continues as a priority Territory-wide. As a result of the AI's finding that development anywhere within the Territory would affirmatively further fair housing, the Territory's Strategic Plan does not provide for any designated or HUD-approved geographic target areas in the Territory.

Although geographic diversity was not among the issues identified by the Analysis of Impediments, the VIHFA has committed to the re-development of the Territory's downtown areas (Christiansted, Frederiksted, Charlotte Amalie, & Cruz Bay) so that urban neighborhoods are lifted out of poverty or business areas are revitalized to create or retain badly needed jobs and safe housing. No undue concentrations of low-income housing are expected as a result of the focus on development in the urban areas.

2. Applicant Capacity

10 points

(a) Ability to obligate HTF funds:

5 points

To receive points for this category, the proposed development team members must have successfully participated in the development of at least two (2) affordable housing properties of similar size or larger. The scoring gives preference to individual development team members based on local experience, performance, and satisfaction of LIHTC training/certification requirements.

(b) Ability to undertake project in a timely manner)

5 points

To achieve points in this category, the applicant must demonstrate readiness to undertake the project in a timely manner by submitting the following documents at the time of application.

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- Evidence of site control (Offer to Purchase, deed, or draft ground lease)
- Evidence that property is appropriately zoned
- Preliminary plans (drawings)
- Cost estimates
- Equity investment letter of interest

3. Project-based Rental Assistance

5 points

Note: This scoring criterion coincides with LIHTC criterion #7 as outlined in the Territory's LIHTC Qualified Allocation Plan.

Eligible Projects which have a commitment of project-based rental assistance for at least 66% of the units for a period of at least five years so that rents are affordable to extremely low-income households will receive five (5) points. The applicant shall provide a commitment letter or executed Housing Assistance Payment contract as documentation of the project-based rental assistance.

4. Duration of Affordability Period

5 points

HTF-assisted units in Eligible Projects must remain affordable for a period of at least thirty (30) years beginning from the date the unit was first placed in service. In the case of HTF, affordability means that the unit remain income-restricted and rents remain in compliance with the HTF rent limits as published by HUD annually. The Affordability Period requirement shall apply without regard to the term of any loan or mortgage, repayment of the HTF investment, or transfer of ownership of the property. The Affordability Period requirement shall be imposed either by a deed restriction, covenant, or land use agreement restricting the property. The applicable document shall be recorded in the official records of the Recorder of Deeds. Projects which propose to remain affordable for at least five (5) years beyond the required 30-year period will receive five points in this category.

5. Satisfaction of Priority Housing Needs

15 points

Projects which seek to increase affordable housing choice for extremely low-income households - including homeless persons or persons at-risk of homelessness. To receive points in this category, the project's proposed units must be permanent units and the project may not use the SRO model. The project also cannot be age-restricted.

Affordable housing choice and homelessness services and facilities were identified as two of the priority needs and corresponding goals in the 2015-2019 Consolidated Plan. The needs were established after assessment of needs and capacity, review of relevant economic information and statistical data, discussions in the community, consideration of strategic plans of partner agencies and providers in the region, and review of available local government planning documents.

Basis for Relative Priority: Safe, affordable housing is the first priority for helping families to self-sufficiency, improving neighborhoods and creating stability. Housing is out of reach for lower income households in the Virgin Islands where 25% of households are paying more than 50% of household income for rent. Without deep subsidies, affordable housing is out of reach for low income households. Provision of supports for the most vulnerable populations, including extremely low-income households, is the most important step to reducing and eliminating homelessness. By assigning the highest relative priority to this factor, the Territory ensures that priority for funding is based on the merits of the application in meeting the priority housing needs established in the 2015-2019 Consolidated Plan.

6. Leveraging

10 points

To receive points for this category, the proposed project must have at least one non-federal funding source in addition to the LIHTC equity proceeds.

One of the actions recommended by the 2015 update to the Analysis of Impediments to address the need for affordable housing in general is the provision of incentives for private and public sector development of affordable housing, including the leveraging of resources; thus, the Territory's plan is to utilize the HTF funding as leverage with LIHTC to incentivize private developers to include units targeted at ELI households in their developments.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Although there are no designated or HUD-approved geographic target areas defined in the Territory's Consolidated Plan, according to the evaluation criteria outlined in the HTF Plan, projects that will be located in the Territory's downtown areas (Christiansted, Frederiksted, Charlotte Amalie, & Cruz Bay) will receive a score of five (5) points. A proposed project within these areas of that has occupancy restrictions or preferences that favor tenants with special needs will receive five (5) bonus points.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applicant Capacity has been included as one of the evaluation criteria that will be used to determine which project will be selected for HTF funding. A maximum of ten (10) points will be awarded in this category as follows:

Five (5) points for the applicant's ability to obligate HTF funds. To receive points for this category, the proposed development team members must have successfully participated in the development of at least two (2) affordable housing properties of similar size or larger. The scoring gives preference to individual development team members based on local experience, performance, and satisfaction of LIHTC training/certification requirements.

Five (5) points for the applicant's ability to undertake project in a timely manner (readiness). To achieve points in this category, the applicant must demonstrate readiness to undertake the project in a timely manner by submitting the following documents at the time of application.

- Evidence of site control (Offer to Purchase, deed, or draft ground lease)
- Evidence that property is appropriately zoned
- Preliminary plans (drawings)
- Cost estimates

- Equity investment letter of interest

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

A commitment of project-based rental assistance has been included as one of the evaluation criteria that will be used to determine which project will be selected for HTF funding. A maximum of five (5) points will be awarded in this category. To receive points in this category, Eligible Projects shall have a commitment of project-based rental assistance for at least 66% of the units for a period of at least five years so that rents are affordable to extremely low-income households. The applicant is required to provide a commitment letter or executed Housing Assistance Payment contract as documentation of the project-based rental assistance.

g. Describe the grantee's required priority for funding based on the financial feasibility of the

project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Pursuant to the HTF regulations, HTF-assisted units in Eligible Projects must remain affordable for a period of at least thirty (30) years beginning from the date the unit was first placed in service. In the case of HTF, affordability means that the unit remain income-restricted and rents remain in compliance with the HTF rent limits as published by HUD annually.

As one of the evaluation criteria that will be used to determine which project will be selected for HTF funding, five (5) points will be awarded to projects which propose to remain affordable for at least five (5) years beyond the required 30-year period.

The Affordability Period requirement shall be imposed either by a deed restriction, covenant, or land use agreement restricting the property. The applicable document shall be recorded in the official records of the Recorder of Deeds.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Satisfaction of Priority Housing Needs has been included as one of the evaluation criteria that will be used to determine which project will be selected for HTF funding. A maximum of fifteen (15) points will be awarded in this category. By assigning the highest relative priority to this factor, the Territory ensures that priority for funding is based on the merits of the application in meeting the priority housing needs established in the 2015-2019 Consolidated Plan. Affordable housing choice and homelessness services and facilities were identified as two of the priority needs and corresponding goals in the 2015-2019 Consolidated Plan. Safe, affordable housing is the first priority for helping families to self-sufficiency, improving neighborhoods and creating stability. Housing is out of reach for lower income households in the Virgin Islands where 25% of households are paying more than 50% of household income for rent. Without deep subsidies, affordable housing is out of reach for low income households. Provision of supports for the most vulnerable populations, including extremely low-income households, is the most important step to reducing and eliminating homelessness.

The priority is for projects which seek to increase affordable housing choice for extremely low-income households - including homeless persons or persons at-risk of homelessness. To receive points in this category, the project's proposed units must be permanent units and the project may not use the SRO model. The project also cannot be age-restricted.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

A requirement for leveraging non-federal funding sources has been included as one of the evaluation criteria that will be used to determine which project will be selected for HTF funding. A maximum of ten (10) points will be awarded in this category. To receive points for this category, the proposed project must have at least one non-federal funding source in addition to the LIHTC equity proceeds.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes, the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds.

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes, the grantee's application requires that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements.

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes, the Territory's has included HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives tables in this Annual Plan.

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds. Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

See HTF Plan attached.

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

See HTF Plan attached.

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

See HTF Plan attached.

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth

the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

The grantee has determined its own affordable homeownership limits using the methodology described in § 93.305(a)(2) and the limits are attached.

11. Grantee Limited Beneficiaries or Preferences. Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A."

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

See HTF Plan attached.

12. Refinancing of Existing Debt. Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

The Territory does not intend to allow eligible recipients to use HTF funds for refinancing of existing debt.

Attachments

Citizen Participation Comments

Grantee SF-424's and Certification(s)

Grantee Unique Appendices

ESG Program Specific Requirements

Written Standards for the Provision of ESG Assistance

The first step toward evaluating eligibility for assistance will be an assessment done through the Coordinated Entry System (CES). The Territory has developed a draft protocol for the CES which is expected to be implemented by the beginning of the 2018-2019 program year. All ESG- or CoC-funded shelters/outreach projects are required to use the CES to assess clients and ESG- or CoC-funded housing projects are required to take referrals from the CES. The CES will provide standardized access and assessment ensuring that screening, evaluation, and referral of program participants are consistent with the written standards drafted by the Territory. These standards shall govern both ESG- and CoC-funded programs.

Providers of homelessness prevention and/or rapid re-housing assistance under ESG will be required to verify and document the eligibility of applicants before providing ESG assistance; eligibility documentation shall be maintained in the client's case file. Initial eligibility for homelessness prevention assistance will be limited to individuals or families whose annual household income is below 30% of the area median income, as adjusted for the household size; the applicant must also meet the criteria under the definition for "at-risk of homelessness" outlined below and must lack sufficient resources and support networks to retain housing without ESG assistance. Initial eligibility for rapid re-housing assistance is not income-based; however, at recertification, annual household income must be at or below 30% of the area median income, as adjusted for the household size. (A copy of the current income limits for the Territory is attached hereto as Appendix B).

The preferred form of documentation is written, third-party verification; in the absence of such written documentation, the provider may also accept verification from the third party provided directly to program staff over the telephone, or, as a last resort, a self-attestation (affidavit) from the client. A conscientious and reasonable effort shall be made by the case management staff to use the highest documentation standard possible. The program requires that documentation must be dated within thirty (30) days prior to the application date.

Standards for targeting and providing essential services related to street outreach

ESG funds may be used for the costs of providing essential services to unsheltered homeless persons. Eligible costs include the cost of providing services necessary for outreach to such persons, costs associated with connecting them with services such as emergency shelter, transitional housing, or other critical services, and costs related to the provision of urgent, outpatient emergency health services (to include emergency mental health services).

ESG street outreach subrecipients shall have the ability to assist in immediately connecting prospective clients to access points in the CES. Subrecipients shall identify, locate, and seek out unsheltered homeless persons in the service area carefully building relationships so that they can ultimately engage them for the purpose of providing intervention, connections with homeless assistance programs/services and /or mainstream social services and housing programs. In each case, the ESG subrecipient shall conduct a CES assessment to determine needs and eligibility or link the individual with an access point location. ESG subrecipients shall address immediate physical needs such as provision of meals, toiletries, basic hygiene, and a change of clothing, as needed.

ESG subrecipients shall either provide on-going case management or referral to another agency that provides case management services. Case management entails assessing needs and researching eligibility for various services as well as arranging, coordinating, and monitoring the delivery of services to meet the needs of the client in conjunction with an individualized housing and service plan developed for the client. Where the client is fleeing or attempting to flee domestic violence, is a survivor of domestic or dating violence, sexual assault, or stalking, the ESG subrecipient shall employ the safety and confidentiality process outlined in the CES protocol.

The ESG subrecipient shall ensure that persons employed to conduct street outreach have a basic working knowledge of the service area and the dynamics of the community so that they can readily identify those places frequented by homeless persons either for food or “shelter”. Street outreach workers shall also be required to conduct a VI-SPDAT (Vulnerability Index – Service Priority Decision Assessment Tool) assessment on homeless persons engaged. To the greatest extent possible, the street outreach persons shall also have some basic Spanish and French Creole language skills and potentially other languages based on a VIHFA Language Access Plan as may be developed later. Case management staff shall have a working knowledge of the available resources in the community including but not limited to, the location/contact information for emergency shelters, transitional housing, rapid re-housing services, soup kitchens, various financial assistance programs, substance abuse treatment programs, and victim service providers.

ESG funds may also be used for the costs of providing essential services to homeless persons and families residing in emergency shelters. Where ESG funds are used to provide essential services in conjunction with assistance to residents of emergency shelters, ESG subrecipients shall conduct a CES assessment to determine needs and eligibility and shall coordinate and monitor the delivery of services to meet the needs of the client. Services that shall be provided may include counseling; securing and coordinating services and assisting the client to obtain federal and local benefits, as applicable; and providing referrals to other providers; monitoring and evaluating the client’s progress. Based on the needs identified during the initial assessment, and in conjunction with an individualized housing and service plan developed for the client, the ESG subrecipient shall also facilitate any other services needed – such as , child care (for children under age 13 or under age 18, if disabled), basic education services, life skills training, employment assistance and job training programs, outpatient health services, legal services directly related to matters germane to the client’s ability to obtain and retain housing, transportation costs, and specialized victim services. Priority shall be given to those services which can help the client to move towards gainful employment and financial stability. For as long as the client remains in the emergency shelter, the ESG subrecipient shall meet with the client at least bi-weekly to monitor and evaluate the progress and re-assess the need for ongoing essential services.

Coordination with other resources

Housing Assistance Programs

The Territory’s ESG Program will adhere to the joint written standards established for the ESG and the CoC, and coordinate, to the maximum extent possible, with other homeless assistance programs

available in the area. At present, the federal homeless assistance resources available to the Territory are limited to the Continuum of Care Grant Programs and the VASH Program; many of the other targeted homeless service programs are not available to the Territory. CoC grant-funded programs and VASH Programs are required to participate in the Coordinated Entry System; thus, this will facilitate the coordination between ESG and these resources.

- Federal homeless assistance resources

The HEARTH Act - Continuum of Care Grant Program. Some of the eligible activities under the Continuum of Care Program include: construction of new housing units to provide transitional or permanent housing; acquisition, leasing, or rehabilitation of a structure to provide transitional or permanent housing or supportive services; provision of rental assistance (including tenant-, project- or sponsor-based assistance) to provide transitional or permanent housing to eligible persons; payment of operating costs for housing units assisted with CoC Program funds or for the preservation of housing that will serve homeless individuals and families and for which another form of housing is expiring or no longer available.

Veteran Affairs Supportive Housing (HUD-VASH) - Under the VASH program, the Virgin Islands Housing Authority (VIHA) has been granted twelve (12) vouchers to provide permanent housing for veterans residing in the Territory.

- Local emergency housing

The Coordinated Entry System evaluation process should also include assessment of the applicant's eligibility for local emergency housing and completion of referral, if appropriate. The local emergency housing program is administered by the V.I. Housing Finance Authority. Prior to the September 2017 hurricanes, the inventory of emergency housing units consisted of twenty-eight (28) units on St. Croix and three (3) units on St. Thomas. Some of the emergency housing properties sustained significant damages in the storm.- which resulted in some units being taken off-line. At present, there active inventory consists of __ units on St. Croix and on St. Thomas; there are no emergency housing units on St. John. The local emergency housing program has implemented a policy whereby emergency housing applicants must be represented by an approved service provider agency which will act as a provider, coordinator, or referral agent for the range of supportive/community services that may be needed by/available to the applicant. The VIHFA has entered into memoranda of understanding with several service provider agencies and relationships have been established with another eight (8) agencies which have committed to provide supportive services, as applicable, including drug treatment services, an HIV/AIDS service provider, legal services, victim services, and also the local public housing agency.

The eligibility criteria for emergency housing are: fulfillment of the targeted population; ability to pay the rent and utilities; and referral by an approved service provider agency. The applicant must be either (1) a victim of either a natural or man-made disaster that results in extraordinary levels of casualties or damage or disruption severely affecting the population, infrastructure, environment, economy, national morale, or government functions in the Territory; (2) a victim of domestic violence; (3) a victim of financial hardship – i.e., extreme deprivation or suffering from a lack of the basic necessities of life, including, but not limited to , shelter and food which has resulted from a **recent and sudden** reduction in household income or inability to work due to health reasons or loss of employment which was unexpected and beyond the individual's control.

- Public housing/ Other affordable rental housing

Applicants for ESG assistance will also be assessed for public housing eligibility and referred as appropriate. The local PHA administers both public housing and the Housing Choice Voucher program. The PHA maintains separate waiting lists for each program. Another important resource with respect to affordable rental housing is the inventory of multi-family properties which have project-based subsidy. ESG homelessness prevention or rapid re-housing case managers will also be required to assist ESG program participants with applying at these various properties, as appropriate, in addition to public housing.

Financial Assistance Programs

It is anticipated that many of the persons seeking assistance under the homeless prevention and rapid re-housing components of ESG will be victims of financial hardship resulting from a recent and sudden reduction in household income or inability to work. A key component of helping these persons will be to ensure that they have financial resources to afford the basic necessities of life, to include, shelter and food. The initial evaluation process is required to include assessment of the applicant's need for any of these services and completion of referral, as appropriate.

- Department of Human Services – Financial Programs/ Intake and Emergency Services

Under the Department of Human Services' Division of Family Assistance, there are a number of programs which provide financial assistance toward food and other necessities – e.g., the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps), Temporary Assistance to Needy Families (TANF) and General Assistance (which provides assistance to person with a temporary or permanent disability).

The Intake and Emergency Services Division offers one-time emergency welfare services (EWS) grants which are that are available in the absence of other community resources. The EWS grant's ability to provide basic furnishings (bed, stove, refrigerator) can be beneficial where rapid re-housing assistance is being provided to a chronically homeless (unsheltered) client. ESG can provide the funds for security deposit and rental assistance while EWS funds can be tapped to provide the basic furnishings.

Other mainstream resources

- Employment and other services

Another key component of helping ESG clients will be to ensure that they have access to job search and job training/re-training programs and services. These services will be the most critical component to ensuring that these persons are able to become gainfully employed in stable job situations once again. Stable, full-time employment and household income are the major predictors of success in attaining and maintaining housing stability.

The Virgin Islands Department of Labor (VIDOL) is tasked with administering a system of effective programs and services designed to develop, protect and maintain a viable workforce. These goals aim to provide workers with the assistance and encouragement needed to develop new skills and competencies over time, both to seek greater opportunity and to adapt to a rapidly changing employment reality and world economy. In furtherance of this mission, VIDOL has built partnerships with government agencies, businesses, community organizations and other stakeholders.

The Division of Job Service connects job seekers with suitable jobs and employers with qualified/skilled workers. The Division of Training develops and implements programs that are

designed to address the needs of unskilled job seekers, the economically disadvantaged, the older worker, the unemployed, the underemployed, dislocated workers and individuals with serious barriers to employment. The Division of Unemployment Insurance pays income support benefits to eligible workers who become unemployed through no fault of their own.

- **Head Start**

The lack of access to adequate, affordable child care can be another barrier to stability for families with children. As such, a key component of helping these families will be to ensure that children who have not yet achieved school age can be cared for in a safe environment during daytime hours. This will provide critical time for the parent to pursue either job search or job training opportunities. Where this may be an issue for program participants, ESG service providers will be required to assist the client in completing the necessary applications so that any children who are eligible for these services can be enrolled.

The Head Start Program provides comprehensive education, health, nutrition, and parent involvement services to low-income children and their families. Eligibility is largely income-based; families must earn less than 30% of the federal poverty level in order to be eligible. Education includes preschool education to low-income children from age three to five. Health services include screenings, check-ups and dental check-ups. Social services provide family advocates to work with parents and assist them in accessing community resources for low income families. The Early Head Start Program, which serves children from birth to three years of age, promotes healthy prenatal outcomes, healthy families and infant and toddler development recognizing that these years are critical to children's development. In addition, there is also transportation to Early Head Start program to allow all participants access to the program and services.

The 2007 Head Start reauthorization directed Head Start to serve homeless children. Homeless children "lack a fixed, regular, and adequate nighttime residence." This includes not only the typical homeless child in a shelter or other outreach program, those living in motels or cars, but also children who are "sharing the housing of others due to loss of housing, economic hardship, or similar reason." Up to 10% of any funded program's enrollment can be from higher income families or families experiencing emergency situations.

Other Supportive Services

- **Mental Health/Substance Abuse Services**

Where the ESG applicant faces known substance abuse or mental health issues, the ESG service provider will be required to make the necessary referrals to link the client to the appropriate professional help. The completion of substance abuse treatment (for victims of drug abuse) or the completion of an evaluation and receipt of services for identified condition including identification/coordination of a means to procure medications (for persons suffering from a mental disorder) should be a key component of the individualized stabilization plan for the client.

The Division of Mental Health, Alcoholism and Drug Dependency Services administers the Substance Abuse, Prevention and Treatment Block Grant locally. Grant funds are used to support the operation of substance abuse treatment programs in St. Croix and St. Thomas. The Division also offers drug prevention programs on both St. Croix and St. Thomas.

In addition to the services provided by the Division of Mental Health, one non-governmental entity (The Village – VI Partners in Recovery) also operates substance abuse prevention/treatment

programs offering both in-patient and outpatient treatment in the St. Croix district; VIPIR also operates a facility which provides transitional housing units for use by persons moving from in-patient to outpatient treatment. The Village – VI Partners in Recovery receives funding from the local Department of Human Services in support of its residential substance abuse treatment services which are provided to adults including homeless persons suffering from mental illness. Referrals are accepted from clients, families, and other community organizations.

Standard policies and procedures for determining and prioritizing which applicants will receive homelessness prevention vs. rapid re-housing assistance

Homelessness prevention assistance will be provided to those clients meeting the definition of “at risk of homelessness”. In general, “at risk of homelessness” means an individual or family who (i) has an annual income below 30%, (ii) does not have sufficient resources or support networks immediately available to prevent them from moving to a shelter or becoming homeless, and (iii) meets one of several other conditions including but not limited to: relocated due to economic reasons two or more times during the 60 days immediately preceding the date of application for homelessness prevention assistance; living in the home of another because of economic hardship¹; facing eviction within 14 days after the date of the application for homelessness assistance. In accordance with the ESG program regulations, funds for homelessness prevention assistance may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or otherwise becoming “homeless” as defined below. As such, homelessness prevention assistance is designed to help the program participant regain stability in the participant’s current permanent housing or move into other permanent housing and achieve stability in that housing. For the purposes of the ESG Program, the term “stability” will refer to the program participant’s establishment in safe, decent housing with at least six months remaining on the lease and for which the participant is able to afford the rent (defined as tenant payment for rent plus utilities) of no more than 30% of gross monthly income.

Rapid re-housing assistance will be provided to clients who meet the definition of “homeless”. In general, “homeless” means: (1) an individual or family who lacks a fixed, regular, and adequate nighttime residence – i.e., a nighttime residence that is (i) a public or private place not ordinarily used as a regular sleeping accommodation for human beings such as a car, park, abandoned building, public transit hub, (ii) a supervised publicly or privately operated shelter designated to provide temporary living arrangements, or (iii) an institution where the individual has resided for 90 days or less after previously residing in an emergency shelter or place not meant for human habitation; or (2) an individual or family who will lose their primary nighttime residence within 14 days of the date of application for homeless assistance, has no subsequent residence identified, and lacks the resources or support network needed to obtain other permanent housing. In accordance with the regulations, ESG funds for rapid re-housing assistance may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to help a homeless

¹ For the purposes of the Territory’s ESG program, in order to qualify under the criteria of living in the home of another due to economic hardship, the applicant will be required to demonstrate that they had been living/maintaining a separate household at some point within the two years immediately preceding the date of application for assistance.

individual or family move as quickly as possible into permanent housing and achieve stability in that housing.

The full definitions of “at risk of homelessness” and “homeless” are found at Section 576.2, as revised by the Interim Rule published on December 5, 2011.

Standard policies and procedures for determining the share of utilities and/or rent, if any, that program participants must pay while receiving homelessness prevention or rapid re-housing assistance

In light of the fact that program eligibility is limited to extremely low income individuals or households (i.e., with income not greater than 30% of area median income), it has been decided that participants receiving rental assistance will not be required to contribute toward the rent. It is thought that having the participant contribute toward a share of the rent may prove to be counter-productive because the funds could have been utilized toward payment of utilities or some other household necessity. As of this writing, no standards have been established relative to participant’s share of utilities.

Standard policies and procedures for determining the duration of rental assistance that the program participant will receive and whether/how the assistance amount will be adjusted over time

In accordance with the regulations, program participants may receive up to 24 months of rental assistance during any 3-year period. The Territory has chosen to provide only tenant-based rental assistance. The assistance may be short-term rental assistance, medium-term rental assistance, payment for up to six months of rental arrearage, or any combination of the above. Aside from the limits established by the program regulations, no other limits have been established by the Territory relative to maximum amounts or percentage of rental assistance, maximum number of months, or maximum number of times that a program participant may receive rental assistance.

With respect to homelessness prevention assistance, no relocation to a new unit will be allowed unless the rent at the new unit is less than the rent required for the unit being vacated. Where a client is assisted to move to a new residence (whether under homelessness prevention or rapid re-housing assistance), ESG funds may be used to pay rental application fees, security deposit, and first month’s rent at move-in; the program will not pay last month’s rent. Moving costs may be paid; however, this is to be considered on a case-by-case basis. Where rapid re-housing assistance is being provided, the Territory’s ESG Program will also approve payment of utility deposits, if necessary, to ensure that the participant is able to secure electrical and/or potable water service. The Territory’s ESG Program will not approve payment of late fees; thus, for new leases, no late fee clauses will be permitted while for existing leases, the landlord will be required to waive the late payments in writing as a condition of the tenant receiving homelessness payment assistance.

For both homelessness prevention and rapid re-housing assistance, participants will be required to recertify every three months in order to verify their continued need/eligibility for assistance. In order to remain eligible for homelessness prevention assistance, individuals or families must have annual household income that does not exceed (i.e., is at or below) 30% of the area median income, as adjusted for the household size. In order to remain eligible for rapid re-housing assistance, individuals or families must have annual household income that does not exceed (i.e., is at or below) 30% of the area median income, as adjusted for the household size and must also lack sufficient resources and support networks to remain housed without ESG assistance.

The Territory's ESG Program shall reserve the right to terminate the assistance provided to a program participant if the participant violates program requirements. In determining whether violations warrant termination, the Program will exercise judgment and examine all extenuating circumstances; termination shall occur in only the case of the most egregious violations – e.g., misrepresentation of the participant's housing status, household income, assets or other circumstances in order to fraudulently qualify for assistance, failure of the participant to recertify within ten (10) days of the recertification due date, relocation to a new residence without the prior consent of the program, refusal to comply with the terms of the housing stabilization plan, and/or intimidation of the landlord, ESG case worker(s), or other program staff by threat of physical harm. In order to ensure protection of the rights of affected parties, the formal process for termination of rental assistance or housing relocation and stabilization services shall include the following:

- Written correspondence to the participant (hand-delivered or mailed via certified mail to the participant's last known mailing address) outlining the violations, the effective date of the proposed termination, and the process for appeal of the decision
- A formal appeal process whereby the participant is provided the opportunity to present written or oral information to an appeals committee composed of the CoC Chairperson, the VIHFA's ESG Program Coordinator, and VIHFA's Director of Federal Programs.
- Written notice within five (5) days of the final decision of the appeals committee relative to the termination action

Standard policies and procedures for determining the type, amount, and duration of housing stabilization and/or relocation services to be received by a program participant

Funds may be used to provide payments on behalf of participants to landlords, utility companies, and other third parties for costs associated with rental application fees, security deposits equal to no more than one month's rent, utility payments electricity and/or potable water.

Under the Territory's ESG Program, funds may also be used to pay the following service cost components relative to housing relocation and stabilization: housing search and placement and also housing stability case management. The key housing search and placement and also housing stabilization case management services include:

- Intake services/activities necessary to verify and document eligibility and to assist program participants in locating, obtaining, or retaining suitable permanent housing.
- Case management activities which result in program participants achieving permanent housing stability. Examples include counseling, coordinating and securing benefits; conducting recertifications/re-evaluations. The component services include developing an individualized housing and service plan; coordinating referrals and services, as appropriate; and monitoring and evaluating the participant's progress toward achieving the milestones of the housing stability plan. Program participants will be required to meet with their respective case manager at least once monthly. In accordance with the regulations, housing stability case management can be provided to program participants for a maximum of 24 months during the period that the participant is living in permanent housing.

The Territory's ESG program will adopt a "fee for service" reimbursement system for compensating the homelessness prevention and rapid re-housing provider agencies for the service activities

outlined above. The proposed fee schedule will establish standard fees to compensate the agency based on specific accomplishments/milestones in providing services to each applicant.

With respect to the other service costs which may be included under housing relocation and stabilization services, it has been determined that mediation and legal services are not likely to be cost-effective uses of ESG funds; thus, these services will not be funded. Credit repair assistance, in the form of structured credit counseling may be funded, as needed. VIHFA offers budget and credit counseling as part of its normal portfolio of services; as such, service providers will be able to refer participants who have been identified as needing those services to VIHFA. If the VIHFA is successful in obtaining a federal grant to defray the cost of provision of credit counseling services to the community, the ESG participants will be receive the counseling at no cost to the program. In the absence of grant funding for the counseling, the cost of the counseling will be based on a standard cost-per-client formula.

PROGRAM –SPECIFIC REQUIREMENTS
EMERGENCY SOLUTIONS GRANT

ESG Program Specific Requirements

Written Standards for the Provision of ESG Assistance

The first step toward evaluating eligibility for assistance will be an assessment done through the Coordinated Entry System (CES). The Territory has developed a draft protocol for the CES which is expected to be implemented by the beginning of the 2018-2019 program year. All ESG- or CoC-funded shelters/outreach projects are required to use the CES to assess clients and ESG- or CoC-funded housing projects are required to take referrals from the CES. The CES will provide standardized access and assessment ensuring that screening, evaluation, and referral of program participants are consistent with the written standards drafted by the Territory. These standards shall govern both ESG- and CoC-funded programs.

Providers of homelessness prevention and/or rapid re-housing assistance under ESG will be required to verify and document the eligibility of applicants before providing ESG assistance; eligibility documentation shall be maintained in the client's case file. Initial eligibility for homelessness prevention assistance will be limited to individuals or families whose annual household income is below 30% of the area median income, as adjusted for the household size; the applicant must also meet the criteria under the definition for "at-risk of homelessness" outlined below and must lack sufficient resources and support networks to retain housing without ESG assistance. Initial eligibility for rapid re-housing assistance is not income-based; however, at recertification, annual household income must be at or below 30% of the area median income, as adjusted for the household size. (A copy of the current income limits for the Territory is attached hereto as Appendix B).

The preferred form of documentation is written, third-party verification; in the absence of such written documentation, the provider may also accept verification from the third party provided directly to program staff over the telephone, or, as a last resort, a self-attestation (affidavit) from the client. A conscientious and reasonable effort shall be made by the case management staff to use the highest documentation standard possible. The program requires that documentation must be dated within thirty (30) days prior to the application date.

Standards for targeting and providing essential services related to street outreach

ESG funds may be used for the costs of providing essential services to unsheltered homeless persons. Eligible costs include the cost of providing services necessary for outreach to such persons, costs associated with connecting them with services such as emergency shelter, transitional housing, or other critical services, and costs related to the provision of urgent, outpatient emergency health services (to include emergency mental health services).

ESG street outreach subrecipients shall have the ability to assist in immediately connecting prospective clients to access points in the CES. Subrecipients shall identify, locate, and seek out unsheltered homeless persons in the service area carefully building relationships so that they can ultimately engage them for the purpose of providing intervention, connections with homeless assistance programs/services and /or mainstream social services and housing programs. In each case, the ESG subrecipient shall conduct a CES assessment to determine needs and eligibility or link the individual with an access point location. ESG subrecipients shall address immediate physical needs such as provision of meals, toiletries, basic hygiene, and a change of clothing, as needed.

ESG subrecipients shall either provide on-going case management or referral to another agency that provides case management services. Case management entails assessing needs and researching eligibility for various services as well as arranging, coordinating, and monitoring the delivery of services to meet the needs of the client in conjunction with an individualized housing and service plan developed for the client. Where the client is fleeing or attempting to flee domestic violence, is a survivor of domestic or dating violence, sexual assault, or stalking, the ESG subrecipient shall employ the safety and confidentiality process outlined in the CES protocol.

The ESG subrecipient shall ensure that persons employed to conduct street outreach have a basic working knowledge of the service area and the dynamics of the community so that they can readily identify those places frequented by homeless persons either for food or "shelter". Street outreach workers shall also be required to conduct a VI-SPDAT (Vulnerability Index – Service Priority Decision Assessment Tool) assessment on homeless persons engaged. To the greatest extent possible, the street outreach persons shall also have some basic Spanish and French Creole language skills and potentially other languages based on a VIHFA Language Access Plan as may be developed later. Case management staff shall have a working knowledge of the available resources in the community including but not limited to, the location/contact information for emergency shelters, transitional housing, rapid re-housing services, soup kitchens, various financial assistance programs, substance abuse treatment programs, and victim service providers.

ESG funds may also be used for the costs of providing essential services to homeless persons and families residing in emergency shelters. Where ESG funds are used to provide essential services in conjunction with assistance to residents of emergency shelters, ESG subrecipients shall conduct a CES assessment to determine needs and eligibility and shall coordinate and monitor the delivery of services to meet the needs of the client. Services that shall be provided may include counseling; securing and coordinating services and assisting the client to obtain federal and local benefits, as applicable; and providing referrals to other providers; monitoring and evaluating the client's progress. Based on the needs identified during the initial assessment, and in conjunction with an individualized housing and service plan developed for the client, the ESG subrecipient shall also facilitate any other services needed – such as , child care (for children under age 13 or under age 18, if disabled), basic education services, life skills training, employment assistance and job training programs, outpatient health services, legal services directly related to matters germane to the client's ability to obtain and retain housing, transportation costs, and specialized victim services. Priority shall be given to those services which can help the client to move towards gainful employment and financial stability. For as long as the client remains in the emergency shelter, the ESG subrecipient shall meet with the client at least bi-weekly to monitor and evaluate the progress and re-assess the need for ongoing essential services.

Coordination with other resources

Housing Assistance Programs

The Territory's ESG Program will adhere to the joint written standards established for the ESG and the CoC, and coordinate, to the maximum extent possible, with other homeless assistance programs

available in the area. At present, the federal homeless assistance resources available to the Territory are limited to the Continuum of Care Grant Programs and the VASH Program; many of the other targeted homeless service programs are not available to the Territory. CoC grant-funded programs and VASH Programs are required to participate in the Coordinated Entry System; thus, this will facilitate the coordination between ESG and these resources.

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The HEARTH Act - Continuum of Care Grant Program. Some of the eligible activities under the Continuum of Care Program include: construction of new housing units to provide transitional or permanent housing; acquisition, leasing, or rehabilitation of a structure to provide transitional or permanent housing or supportive services; provision of rental assistance (including tenant-, project- or sponsor-based assistance) to provide transitional or permanent housing to eligible persons; payment of operating costs for housing units assisted with CoC Program funds or for the preservation of housing that will serve homeless individuals and families and for which another form of housing is expiring or no longer available.

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The eligibility criteria for emergency housing are: fulfillment of the targeted population; ability to pay the rent and utilities; and referral by an approved service provider agency. The applicant must be either (1) a victim of either a natural or man-made disaster that results in extraordinary levels of casualties or damage or disruption severely affecting the population, infrastructure, environment, economy, national morale, or government functions in the Territory; (2) a victim of domestic violence; (3) a victim of financial hardship – i.e., extreme deprivation or suffering from a lack of the basic necessities of life, including, but not limited to , shelter and food which has resulted from a **recent and sudden** reduction in household income or inability to work due to health reasons or loss of employment which was unexpected and beyond the individual's control.

- Public housing/ Other affordable rental housing

Applicants for ESG assistance will also be assessed for public housing eligibility and referred as appropriate. The local PHA administers both public housing and the Housing Choice Voucher program. The PHA maintains separate waiting lists for each program. Another important resource with respect to affordable rental housing is the inventory of multi-family properties which have project-based subsidy. ESG homelessness prevention or rapid re-housing case managers will also be required to assist ESG program participants with applying at these various properties, as appropriate, in addition to public housing.

Financial Assistance Programs

It is anticipated that many of the persons seeking assistance under the homeless prevention and rapid re-housing components of ESG will be victims of financial hardship resulting from a recent and sudden reduction in household income or inability to work. A key component of helping these persons will be to ensure that they have financial resources to afford the basic necessities of life, to include, shelter and food. The initial evaluation process is required to include assessment of the applicant's need for any of these services and completion of referral, as appropriate.

- **Department of Human Services – Financial Programs/ Intake and Emergency Services**

Under the Department of Human Services' Division of Family Assistance, there are a number of programs which provide financial assistance toward food and other necessities – e.g., the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps), Temporary Assistance to Needy Families (TANF) and General Assistance (which provides assistance to person with a temporary or permanent disability).

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Other mainstream resources

- **Employment and other services**

Another key component of helping ESG clients will be to ensure that they have access to job search and job training/re-training programs and services. These services will be the most critical component to ensuring that these persons are able to become gainfully employed in stable job situations once again. Stable, full-time employment and household income are the major predictors of success in attaining and maintaining housing stability.

The Virgin Islands Department of Labor (VIDOL) is tasked with administering a system of effective programs and services designed to develop, protect and maintain a viable workforce. These goals aim to provide workers with the assistance and encouragement needed to develop new skills and competencies over time, both to seek greater opportunity and to adapt to a rapidly changing employment reality and world economy. In furtherance of this mission, VIDOL has built partnerships with government agencies, businesses, community organizations and other stakeholders.

The Division of Job Service connects job seekers with suitable jobs and employers with qualified/skilled workers. The Division of Training develops and implements programs that are

designed to address the needs of unskilled job seekers, the economically disadvantaged, the older worker, the unemployed, the underemployed, dislocated workers and individuals with serious barriers to employment. The Division of Unemployment Insurance pays income support benefits to eligible workers who become unemployed through no fault of their own.

- **Head Start**

The lack of access to adequate, affordable child care can be another barrier to stability for families with children. As such, a key component of helping these families will be to ensure that children who have not yet achieved school age can be cared for in a safe environment during daytime hours. This will provide critical time for the parent to pursue either job search or job training opportunities. Where this may be an issue for program participants, ESG service providers will be required to assist the client in completing the necessary applications so that any children who are eligible for these services can be enrolled.

The Head Start Program provides comprehensive education, health, nutrition, and parent involvement services to low-income children and their families. Eligibility is largely income-based; families must earn less than 30% of the federal poverty level in order to be eligible. Education includes preschool education to low-income children from age three to five. Health services include screenings, check-ups and dental check-ups. Social services provide family advocates to work with parents and assist them in accessing community resources for low income families. The Early Head Start Program, which serves children from birth to three years of age, promotes healthy prenatal outcomes, healthy families and infant and toddler development recognizing that these years are critical to children's development. In addition, there is also transportation to Early Head Start program to allow all participants access to the program and services.

The 2007 Head Start reauthorization directed Head Start to serve homeless children. Homeless children "lack a fixed, regular, and adequate nighttime residence." This includes not only the typical homeless child in a shelter or other outreach program, those living in motels or cars, but also children who are "sharing the housing of others due to loss of housing, economic hardship, or similar reason." Up to 10% of any funded program's enrollment can be from higher income families or families experiencing emergency situations.

Other Supportive Services

- **Mental Health/Substance Abuse Services**

Where the ESG applicant faces known substance abuse or mental health issues, the ESG service provider will be required to make the necessary referrals to link the client to the appropriate professional help. The completion of substance abuse treatment (for victims of drug abuse) or the completion of an evaluation and receipt of services for identified condition including identification/coordination of a means to procure medications (for persons suffering from a mental disorder) should be a key component of the individualized stabilization plan for the client.

The Division of Mental Health, Alcoholism and Drug Dependency Services administers the Substance Abuse, Prevention and Treatment Block Grant locally. Grant funds are used to support the operation of substance abuse treatment programs in St. Croix and St. Thomas. The Division also offers drug prevention programs on both St. Croix and St. Thomas.

In addition to the services provided by the Division of Mental Health, one non-governmental entity (The Village – VI Partners in Recovery) also operates substance abuse prevention/treatment

programs offering both in-patient and outpatient treatment in the St. Croix district; VIPIR also operates a facility which provides transitional housing units for use by persons moving from in-patient to outpatient treatment. The Village – VI Partners in Recovery receives funding from the local Department of Human Services in support of its residential substance abuse treatment services which are provided to adults including homeless persons suffering from mental illness. Referrals are accepted from clients, families, and other community organizations.

Standard policies and procedures for determining and prioritizing which applicants will receive homelessness prevention vs. rapid re-housing assistance

Homelessness prevention assistance will be provided to those clients meeting the definition of “at risk of homelessness”. In general, “at risk of homelessness” means an individual or family who (i) has an annual income below 30%, (ii) does not have sufficient resources or support networks immediately available to prevent them from moving to a shelter or becoming homeless, and (iii) meets one of several other conditions including but not limited to: relocated due to economic reasons two or more times during the 60 days immediately preceding the date of application for homelessness prevention assistance; living in the home of another because of economic hardship¹; facing eviction within 14 days after the date of the application for homelessness assistance. In accordance with the ESG program regulations, funds for homelessness prevention assistance may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or otherwise becoming “homeless” as defined below. As such, homelessness prevention assistance is designed to help the program participant regain stability in the participant’s current permanent housing or move into other permanent housing and achieve stability in that housing. For the purposes of the ESG Program, the term “stability” will refer to the program participant’s establishment in safe, decent housing with at least six months remaining on the lease and for which the participant is able to afford the rent (defined as tenant payment for rent plus utilities) of no more than 30% of gross monthly income.

Rapid re-housing assistance will be provided to clients who meet the definition of “homeless”. In general, “homeless” means: (1) an individual or family who lacks a fixed, regular, and adequate nighttime residence – i.e., a nighttime residence that is (i) a public or private place not ordinarily used as a regular sleeping accommodation for human beings such as a car, park, abandoned building, public transit hub, (ii) a supervised publicly or privately operated shelter designated to provide temporary living arrangements, or (iii) an institution where the individual has resided for 90 days or less after previously residing in an emergency shelter or place not meant for human habitation; or (2) an individual or family who will lose their primary nighttime residence within 14 days of the date of application for homeless assistance, has no subsequent residence identified, and lacks the resources or support network needed to obtain other permanent housing. In accordance with the regulations, ESG funds for rapid re-housing assistance may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to help a homeless

¹ For the purposes of the Territory’s ESG program, in order to qualify under the criteria of living in the home of another due to economic hardship, the applicant will be required to demonstrate that they had been living/maintaining a separate household at some point within the two years immediately preceding the date of application for assistance.

individual or family move as quickly as possible into permanent housing and achieve stability in that housing.

The full definitions of “at risk of homelessness” and “homeless” are found at Section 576.2, as revised by the Interim Rule published on December 5, 2011.

Standard policies and procedures for determining the share of utilities and/or rent, if any, that program participants must pay while receiving homelessness prevention or rapid re-housing assistance

In light of the fact that program eligibility is limited to extremely low income individuals or households (i.e., with income not greater than 30% of area median income), it has been decided that participants receiving rental assistance will not be required to contribute toward the rent. It is thought that having the participant contribute toward a share of the rent may prove to be counter-productive because the funds could have been utilized toward payment of utilities or some other household necessity. As of this writing, no standards have been established relative to participant's share of utilities.

Standard policies and procedures for determining the duration of rental assistance that the program participant will receive and whether/how the assistance amount will be adjusted over time

In accordance with the regulations, program participants may receive up to 24 months of rental assistance during any 3-year period. The Territory has chosen to provide only tenant-based rental assistance. The assistance may be short-term rental assistance, medium-term rental assistance, payment for up to six months of rental arrearage, or any combination of the above. Aside from the limits established by the program regulations, no other limits have been established by the Territory relative to maximum amounts or percentage of rental assistance, maximum number of months, or maximum number of times that a program participant may receive rental assistance.

With respect to homelessness prevention assistance, no relocation to a new unit will be allowed unless the rent at the new unit is less than the rent required for the unit being vacated. Where a client is assisted to move to a new residence (whether under homelessness prevention or rapid re-housing assistance), ESG funds may be used to pay rental application fees, security deposit, and first month's rent at move-in; the program will not pay last month's rent. Moving costs may be paid; however, this is to be considered on a case-by-case basis. Where rapid re-housing assistance is being provided, the Territory's ESG Program will also approve payment of utility deposits, if necessary, to ensure that the participant is able to secure electrical and/or potable water service. The Territory's ESG Program will not approve payment of late fees; thus, for new leases, no late fee clauses will be permitted while for existing leases, the landlord will be required to waive the late payments in writing as a condition of the tenant receiving homelessness payment assistance.

For both homelessness prevention and rapid re-housing assistance, participants will be required to recertify every three months in order to verify their continued need/eligibility for assistance. In order to remain eligible for homelessness prevention assistance, individuals or families must have annual household income that does not exceed (i.e., is at or below) 30% of the area median income, as adjusted for the household size. In order to remain eligible for rapid re-housing assistance, individuals or families must have annual household income that does not exceed (i.e., is at or below) 30% of the area median income, as adjusted for the household size and must also lack sufficient resources and support networks to remain housed without ESG assistance.

The Territory's ESG Program shall reserve the right to terminate the assistance provided to a program participant if the participant violates program requirements. In determining whether violations warrant termination, the Program will exercise judgment and examine all extenuating circumstances; termination shall occur in only the case of the most egregious violations – e.g., misrepresentation of the participant's housing status, household income, assets or other circumstances in order to fraudulently qualify for assistance, failure of the participant to recertify within ten (10) days of the recertification due date, relocation to a new residence without the prior consent of the program, refusal to comply with the terms of the housing stabilization plan, and/or intimidation of the landlord, ESG case worker(s), or other program staff by threat of physical harm. In order to ensure protection of the rights of affected parties, the formal process for termination of rental assistance or housing relocation and stabilization services shall include the following:

- Written correspondence to the participant (hand-delivered or mailed via certified mail to the participant's last known mailing address) outlining the violations, the effective date of the proposed termination, and the process for appeal of the decision
- A formal appeal process whereby the participant is provided the opportunity to present written or oral information to an appeals committee composed of the CoC Chairperson, the VIHFA's ESG Program Coordinator, and VIHFA's Director of Federal Programs.
- Written notice within five (5) days of the final decision of the appeals committee relative to the termination action

Standard policies and procedures for determining the type, amount, and duration of housing stabilization and/or relocation services to be received by a program participant

Funds may be used to provide payments on behalf of participants to landlords, utility companies, and other third parties for costs associated with rental application fees, security deposits equal to no more than one month's rent, utility payments electricity and/or potable water.

Under the Territory's ESG Program, funds may also be used to pay the following service cost components relative to housing relocation and stabilization: housing search and placement and also housing stability case management. The key housing search and placement and also housing stabilization case management services include:

- Intake services/activities necessary to verify and document eligibility and to assist program participants in locating, obtaining, or retaining suitable permanent housing.
- Case management activities which result in program participants achieving permanent housing stability. Examples include counseling, coordinating and securing benefits; conducting recertifications/re-evaluations. The component services include developing an individualized housing and service plan; coordinating referrals and services, as appropriate; and monitoring and evaluating the participant's progress toward achieving the milestones of the housing stability plan. Program participants will be required to meet with their respective case manager at least once monthly. In accordance with the regulations, housing stability case management can be provided to program participants for a maximum of 24 months during the period that the participant is living in permanent housing.

The Territory's ESG program will adopt a "fee for service" reimbursement system for compensating the homelessness prevention and rapid re-housing provider agencies for the service activities

outlined above. The proposed fee schedule will establish standard fees to compensate the agency based on specific accomplishments/milestones in providing services to each applicant.

With respect to the other service costs which may be included under housing relocation and stabilization services, it has been determined that mediation and legal services are not likely to be cost-effective uses of ESG funds; thus, these services will not be funded. Credit repair assistance, in the form of structured credit counseling may be funded, as needed. VIHFA offers budget and credit counseling as part of its normal portfolio of services; as such, service providers will be able to refer participants who have been identified as needing those services to VIHFA. If the VIHFA is successful in obtaining a federal grant to defray the cost of provision of credit counseling services to the community, the ESG participants will be receive the counseling at no cost to the program. In the absence of grant funding for the counseling, the cost of the counseling will be based on a standard cost-per-client formula.

ADDENDUM

SUMMARY OF COORDINATED ENTRY SYSTEM

The CoC's completion of its Coordinated Entry protocol and implementation of the CE system was delayed by the disruption of normal operations of Hurricanes Irma and Maria which devastated the Territory in September 2017. The CES sub-committee of the local Continuum of Care continues to work on the development of the protocol. A draft document was provided to HUD in July 2018 and the CoC is awaiting technical assistance from HUD which will enable the finalization of the protocol. The Territory expects to be in full compliance with the requirement for implementation of a functional Coordinated Entry System by January 2018.

The following is a brief overview of the system that is being developed.

Design Principles

The USVI CES will help people access the housing crisis system faster, by ensuring that persons with the greatest needs receive priority for the housing and homeless assistance available in the Territory of the USVI. Design principles include:

- **Client-centered practices** where every person at risk of or experiencing homelessness is treated with dignity, offered at least minimal assistance, afforded the opportunity to participate in the development and execution of their own housing plan (if applicable) and with clients offered choice during the referral process whenever possible.
- **Degree of vulnerability** as the primary factor in determining where the Territory's limited resources should be directed first
- **Avoidance of system practices and individual project eligibility criteria** which may pose barriers to housing access
- **Policies and practices** that respect cultural, regional, programmatic, linguistic, and philosophical differences.
- **A diversity of housing options** created through collaborative and inclusive planning and decision-making practices based on data analysis of local housing needs

Components of CES

The USVI CoC CES has four distinct elements: Access, Assessment, Prioritization and Referral.

- The **access** element includes identified access point locations and CoC- and ESG-funded project outreach and case management staff engaging with at-risk populations.
- The **assessment** element consists of identification of homeless status and completion of a standard assessment tool (the CoC is considering use of the VI-SPDAT) which is used to evaluate risk factors, vulnerabilities and severity of service needs.

- The prioritization element entails using the VI- SPADT score to assign priority to each applicant for services according to the USVI CoC Written Standards for CoC & ESG projects, which will have been established in accordance with 24 CFR 576.400(e) and 24 CFR 578.7(a)(9).
- The referral element entails the process wherein intake staff refer the client to the indicated program(s) based on the prioritization criteria and program eligibility requirements.

Access

The USVI Coordinated Entry System embraces a “no-wrong-door approach” to ensure that any person who is at risk of, or experiencing homelessness can access the CES expeditiously regardless of where they first present seeking/needing services. CE Access Point locations where participants experiencing or at imminent risk of homelessness can physically receive the standardized CE Assessment are situated in proximity to public transportation and other services to facilitate participant access. In addition, a CoC or recipient of Federal funds may be required to offer some variation to the process, e.g., a different access point, as a reasonable accommodation for a person with disabilities. For example, a person with a mobility impairment may request a reasonable accommodation in order to complete the coordinated entry process at a different location.

All defined access point providers and participating CoC participants must administer the USVI CES Assessment Process as defined by CoC written standards with uniform decision-making across all assessment locations and staff. If access points or assessment processes are conducted or managed by providers who do not receive HUD or USVI local funds, those providers must still abide by assessment standards and protocols defined by the CoC.

VICoC has currently identified twelve (12) points of access across the Territory for the CES, which will provide a standardized assessment approach for all persons. Additionally, all HMIS partner agencies and ESG-funded agencies will have the ability to assist in immediately connecting prospective clients to Access Points. The ultimate goal is to incorporate additional programs in the future from throughout the Territory as appropriate and available.

The CES business hours are Monday thru Friday from 8am to 5pm, excluding holidays at the identified access point locations. Persons who experience crisis outside of normal business hours can be provided emergency services immediately by crisis response agencies to stabilize the emergent situation. The emergency provider will contact a CE Access Point on the next available date/time during normal CES business hours to coordinate the transport of the client to the Access Point so an assessment can be conducted and the client referred for housing placement and/or mainstream services, as appropriate.

The following will have the ability to assist in immediately connecting prospective clients to Access Points:

- **Street outreach:** Mobile case managers/outreach workers provide services to persons where they

are. Upon engaging a client, the street outreach worker will identify homeless status and conduct a CES assessment or link the individual with an access point location. Although there are limited providers currently utilizing CoC and/or ESG funds to provide street outreach services in the Territory, there are various homeless service provider organizations that currently serve as links between the unsheltered homeless and the community at large. The CoC has identified numerous such links including but not limited to:

- EMERGENCY shelters, the local Emergency Housing Program , day services programs (such as soup kitchens and showers)
- Schools, hospitals, health clinics, Bureau of Corrections
- DHS, VA, VI Housing Authority, Department of Health, Department of Labor
- Emergency and crisis support agencies (911, VI Police Department, other first responders)
- Events: such as local Project Homeless Connect events, health fairs
- Faith-based organizations
- Residential substance abuse and mental illness co-occurring treatment providers,
- Domestic violence service providers
- HIV/AIDS advocacy agencies

Assessment

All defined access point providers and participating CoC participants must administer the USVI CES Assessment Process as defined by CoC written standards with uniform decision-making across all assessment locations and staff. If assessment processes are conducted or managed by providers who do not receive HUD or USVI local funds, those providers must still abide by assessment standards and protocols defined by the CoC.

- o Physical assessment shall be safe and confidential to allow for individuals to identify sensitive information or safety issues in a private and secure setting.
- o Tools and assessment processes are easily understood by participants.
- o Assessment questions and instructions will be required to reflect the developmental capacity of participants being assessed.
- o Assessments are based in part on participant's strengths, goals, risks, and protective factors.
- o Assessments are sensitive to participants' lived experience.

Prioritization

While some non-ESG and CoC programs do not have specific income or homeless verification criteria, the CoC requires that, as a condition of receiving assistance, ALL participants demonstrate lack appropriate housing options, sufficient resources and support networks to obtain or retain housing. Third party supporting documentation is generally required. The CoC has established a Coordinated Entry Prioritization Policy to guide projects in filling vacant units/vouchers. Programs are required to determine and document eligibility and priority status.

The VI CES uses any combination of the following factors to prioritize homeless persons:

- Significant challenges or functional impairments, including physical, mental, developmental, or behavioral health challenges, which require a significant level of support in order to maintain permanent housing.
- High utilization of crisis or emergency services to meet basic needs.
- Extent to which persons, especially youth and children, are unsheltered.
- Vulnerability to illness or death.
- Risk of continued homelessness.
- Vulnerability to victimization, including physical assault, trafficking, or sex work.

In cases where the assessment tool does not produce the entire body of information necessary to determine a household's prioritization, either because of the nature of self-reporting, withheld information, or circumstances outside the scope of assessment questions, case workers and others working with households may provide additional information through case conferencing or another method of case worker input.

Referral

The CoC's CE protocol includes a uniformed and coordinated referral process for all beds, units, and services available at participating projects within the CoC's geographic area. CoC and ESG program recipients and subrecipients must use the coordinated entry process established by the CoC as the only referral source from which to consider filling vacancies in housing and/or services funded by CoC and ESG programs. Non HUD-funded CoC agencies participating in the coordinated entry process also are encouraged to give priority to referrals from the referring agency/entity when filling project vacancies.

The CoC has established referral criteria for all projects for housing and services. The CoC has committed to publishing referral criteria at least annually and support the identification of, and connection to, appropriate housing and services for all assessed clients. The CoC will maintain and annually update a list of all resources that may be accessed through referrals from the coordinated entry process.

CES will make referrals using a client-centered approach. A client-centered approach encourages participant choice in decisions such as location and type of housing, level and type of services, and other project characteristics - including assessment processes that provide options and recommendations that guide and inform participant choice, as opposed to rigid decisions about what individuals and families need - and allowing clients to freely refuse referrals. The CoC's referral process is informed by Federal and local Fair Housing laws and regulations and ensures participants are not "steered" toward any particular housing facility or neighborhood because of race, color, national origin, religion, sex, disability, or the presence of children. The CoC and all agencies participating in the coordinated entry process shall comply with the equal access and non-discrimination provisions

of Federal civil rights laws.

To ensure client privacy, the CoC has established a minimum set of participant information associated with a referral which will be shared by a referring agency/entity with the project receiving the referral. To ensure transparency in client care coordination and decision making, all CES participants receiving a comprehensive assessment and referral to a CoC project must be offered written documentation of the assessment results and referral with an indication of the CES participant's prioritization for the referral intervention being offered. The information shall be presented with sufficient clarity such that, upon referral, participants are able to easily understand to which program they are being referred, entry requirements of the program, services provided, what the program expects of them, what they can expect of the program, and evidence of the program's rate of success.

Each CoC project is required to establish and make publicly available the specific eligibility criteria the project uses to make enrollment determinations. The referral criteria must identify all the eligibility and exclusionary criteria used by program staff to make enrollment determinations for referred persons or households. Referral guidelines also include acceptable time frames for reviewing and communicating referral decisions to program participants (i.e. whether the potential program participant is either accepted or denied enrollment). The CoC and projects participating in the coordinated entry process do not screen potential project participants out for assistance based on perceived barriers related to housing or services. Where a potential client is not offered enrollment, the reason for rejection must be clearly communicated and documented in HMIS.

The CoC's written CE policies and procedures include standardized criteria by which a participating project may justify rejecting a referral. The CoC's written CE policies and procedures document a uniformed process for managing rare instances of referral rejection, as well as the protocol the coordinated entry process must follow to identify suitable options when projects reject a participant and when participants reject a project and to connect the rejected household with a new project.

HOME PROGRAM

RECAPTURE and RESALE POLICIES

RECAPTURE POLICY

HOME Program Recapture Provisions

Pursuant to the requirements set forth at Section 215 of the HOME statute and promulgated at 24 CFR 92.254 of the HOME rule, in order for HOME-assisted home ownership housing to qualify as affordable housing it must meet affordability requirements for a specific period of time as determined by the amount of assistance provided. In addition, to ensure affordability, the participating jurisdiction is required to impose either resale or recapture requirements - which shall be outlined in a written agreement with the assisted homebuyer and enforced via lien, deed restrictions, or covenants running with the land.

The Virgin Islands Housing Finance Authority ("VIHFA"), acting as the participating jurisdiction of the U.S. Virgin Islands, hereby adopts the following recapture provisions that comply with the HOME statutory and regulatory requirements. The recapture provisions are triggered by any transfer of title, either voluntary or involuntary, during the established affordability period.

Under the recapture option, the original homebuyer is permitted to sell the property to any willing buyer during the period affordability while the participating jurisdiction recaptures from the net proceeds of the sale all or a portion of the direct HOME subsidy assistance provided to the original homebuyer. **Under no circumstances shall the amount recaptured by the participating jurisdiction exceed the available net proceeds.**

Affordability period – The specific period of time for which a HOME-assisted unit must meet be maintained as the principal residence of a qualified, low-income family. For the purpose of its recapture provisions, the participating jurisdiction of the U.S. Virgin Islands has elected to establish the affordability period as twenty years or the term of the primary financing (mortgage) secured by the homebuyer to purchase the assisted unit, whichever is greater.

Direct HOME subsidy – The amount of HOME assistance, to include amounts provided from program income, that enabled the homebuyer to purchase the unit such as downpayment or closing cost assistance, interest subsidies, or mortgage buydowns provided directly to the homebuyer or on the homebuyer's behalf. If HOME funds are used for the cost of developing the assisted property, direct HOME subsidy also includes the difference between the fair market value and the actual purchase price.

Involuntary transfer – A transfer of title from the original assisted homebuyer to another party through actions of law such as foreclosure proceedings

Net proceeds – The sales price less any superior loan repayments (other than HOME funds) and resale expenses (i.e., seller's closing costs). The participating jurisdiction can never recover an amount that is more than the net proceeds of the sale.

Voluntary transfer – A transfer of title from the original assisted homebuyer to another party at the will of the assisted homebuyer - e.g., resale, deed of gift, etc.

Applicability

The recapture provisions herein shall apply where HOME funds are employed to assist home ownership housing to qualify as affordable housing either by providing financial assistance such as downpayment or closing cost assistance, interest subsidies, or mortgage buydowns that enables the homebuyer to make

the purchase or by providing monies as a development subsidy which then enables the unit to be sold at a price below fair market value. **Note:** Recapture provisions shall not apply when HOME funds are used only to subsidize the development cost of the HOME-assisted unit and the unit is sold at fair market value; in that case, resale provisions will be used.

Restrictions on Transfer

Under the recapture option, there is no requirement that the HOME-assisted property is sold/transferred to another low-income homebuyer upon either voluntary or involuntary transfer during the affordability period. Instead, the original HOME-assisted homebuyer will be free to sell the property to any willing buyer at whatever price the market will bear. Upon either voluntary or involuntary transfer during the affordability period, the participating jurisdiction shall recapture, from available net proceeds, an amount which is defined below.

Enforcement

The VIHFA will utilize its HOME Programmatic Agreement as the initial mechanism to outline the recapture provisions. The HOME Programmatic Agreement, which is executed between the participating jurisdiction and the assisted homebuyer prior to the commitment of HOME funds for the activity, contains language which outlines all the applicable HOME requirements to include the affordability period, the principal residency requirement, the parameters for determination of the amount subject to recapture, and the conditions which trigger recapture. Although the participating jurisdiction does not generally record the HOME Programmatic Agreement, it is a valid legal document which can be recorded, if necessary, and which creates a legal obligation for the VIHFA and the assisted homebuyer.

The VIHFA will utilize mortgage documents as the primary mechanism for enforcement of the recapture provisions. At closing, the homebuyer shall execute a mortgage in the amount of the total HOME investment in the property. The mortgage shall delineate the portion of the HOME investment that is the direct subsidy subject to recapture. The mortgage document shall be recorded upon consummation of the closing transaction. The mortgage document creates a lien on the buyer and the property which lien shall only be subordinate to the primary mortgage executed for the acquisition of the property. The homebuyer will also be required to execute a promissory note for the amount subject to recapture; the note shall be identified as a "non-recourse" note which shall not be payable except in the event of a transfer of the property during the affordability period. The promissory note will include clear explanations of key definitions such as "superior loan", "resale expenses", "net proceeds of resale", and "homeowner's investment" and shall also outline the steps for calculating the amounts due to the homeowner and the HOME Program in the event of a resale.

Refinancing

The homebuyer shall be required to seek the consent of the VIHFA prior to refinancing the primary mortgage on the property. The homeowner shall submit copies of relevant documents which outline the reason for the refinancing, terms, current appraised value of unit, proposed distribution of refinancing proceeds for VIHFA's review. Where the refinancing is for the purpose of betterments to the property or to secure more favorable financing terms, VIHFA shall approve the refinancing and re-subordination of

the Second Mortgage. VIHFA shall also approve where refinancing results in minimal cash out and VIHFA's position is not jeopardized.

Calculation of Recapture

Upon resale of the property, the homebuyer shall recover from net proceeds their entire investment (which is defined as the homeowner's contribution to downpayment and the cost of capital improvements made by the owner since purchase) before the participating jurisdiction recaptures the direct HOME subsidy. The homeowner's investment shall be repaid in full before the participating jurisdiction recaptures any funds. If the net proceeds are insufficient to repay the homeowner's investment, the homeowner shall receive the available net proceeds and the participating jurisdiction shall not be responsible for any balance remaining. The VIHFA recognizes that, if net proceeds are not sufficient to repay the homeowner's investment and the direct HOME subsidy, the participating jurisdiction may not be able to recapture the full amount of the direct HOME investment.

If there are excess proceeds remaining after repayment of the homeowner's investment and the direct HOME subsidy, the participating jurisdiction and the homeowner shall share the excess proceeds on a pro rata basis based upon the ratio of the direct HOME subsidy to the homebuyer's investment. The formula for calculating the distribution of the excess process shall be as shown below.

- To calculate the amount of excess proceeds to be returned to the participating jurisdiction:

$$\frac{\text{Direct HOME Subsidy}}{\text{Direct HOME Subsidy} + \text{Homeowner's Investment}} \times \text{Excess Proceeds} = \text{HOME Share}$$

- To calculate the amount of excess proceeds to be retained by the homeowner:

$$\frac{\text{Homeowner Investment}}{\text{Direct HOME Subsidy} + \text{Homeowner's Investment}} \times \text{Excess Proceeds} = \text{Homeowner Share}$$

RESALE GUIDELINES

(New Construction)

HOME Program Resale Provisions

Pursuant to the requirements set forth at Section 215 of the HOME statute and promulgated at 24 CFR 92.254 of the HOME rule, in order for HOME-assisted home ownership housing to qualify as affordable housing it must meet affordability requirements for a specific period of time as determined by the amount of assistance provided. In addition, to ensure affordability, the participating jurisdiction is required to impose either resale or recapture requirements - which shall be outlined in a written agreement with the assisted homebuyer and enforced via lien, deed restrictions, or covenants running with the land.

The Virgin Islands Housing Finance Authority ("VIHFA"), acting as the participating jurisdiction of the U.S. Virgin Islands, hereby adopts the following resale provisions that comply with the HOME statutory and regulatory requirements. The resale provisions are triggered by any transfer of title, either voluntary or involuntary, during the established affordability period.

Under the resale option, when the original homebuyer transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the sales price must be affordable to a reasonable range of low-income buyers. One additional condition is that the resale price must provide the original homebuyer a fair return on investment.

Affordability period – The specific period of time for which a HOME-assisted unit must meet be maintained as the principal residence of a qualified, low-income family. For the purpose of its resale provisions, the participating jurisdiction of the U.S. Virgin Islands has elected to establish the affordability period as twenty years or the term of the primary financing (mortgage) secured by the homebuyer to purchase the assisted unit, whichever is greater.

Affordable to a reasonable range of low-income homebuyers – The maximum purchase price that would result in a 4-person household with income between 60 – 80% of the area median (AMI) paying no more than 35% of their monthly income as their fixed housing cost (i.e., PITI). The affordability determination will differ for St. Thomas/St. John versus St. Croix because the income limits differ in the two island districts.

Capital improvements – Renovations or upgrades to the HOME-assisted property undertaken by the assisted homeowner during the Affordability Period which are recognized as adding value to the property. For the purpose of establishing the basis for calculating fair return, capital improvements shall include any of the following:

- Addition of indoor living space (e.g., bedroom, bathroom, laundry)
- Addition of porch
- Floor replacement (e.g., installation of ceramic floor tiles)
- Kitchen renovation (e.g., re-design/expansion, installation of new cabinets and countertops)
- Bathroom renovation (e.g., re-design/expansion, installation of new fixture set or walk-in shower enclosure)

- Replacement of roof complete
- Replacement of windows throughout
- Central air-conditioning throughout
- Weatherproofing (i.e., permanently-mounted hurricane shutters throughout and permanently-installed generator) - at cost

For the purpose of establishing the basis for calculating fair return, the participating jurisdiction will value capital improvements based on the average increase in value attributable to the specific type of improvement. The participating jurisdiction will utilize value estimates provided by real estate appraisers knowledgeable in the local market.

Consumer Price Index (CPI) - The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. CPI data is published monthly by the Bureau of Labor Statistics.

Fair return on investment - A prescribed gain on the amount of the homeowner's original investment (i.e., downpayment paid from the homebuyer's personal resources) plus any investment in qualified capital improvements undertaken by the homebuyer since the provision of the HOME assistance. For the purpose of these resale provisions, the participating jurisdiction will utilize the percentage change in the Consumer Price Index (CPI) over the period of ownership as the index for determining fair return. **Under no circumstances shall the amount received by the homeowner exceed the sum of the original investment plus the calculated fair return.**

Involuntary transfer – A transfer of title from the original assisted homebuyer to another party through actions of law such as foreclosure proceedings

Net proceeds – The sales price less any superior loan repayments (other than HOME funds) and resale expenses (i.e., seller's closing costs).

Voluntary transfer – A transfer of title from the original assisted homebuyer to another party at the will of the assisted homebuyer - e.g., resale, deed of gift, etc.

Applicability

The resale provisions herein shall be triggered when a HOME-assisted homebuyer transfers the HOME-assisted property, either voluntarily or involuntarily, during the affordability period. **The resale provisions herein shall apply when HOME funds are used only to subsidize the development cost of the HOME-assisted unit and the unit is sold at fair market value.**

Note: Resale provisions shall not apply when HOME funds are used to provide subsidies such as downpayment or closing cost assistance, interest subsidies, or mortgage buydowns directly to the homebuyer (or on the homebuyer's behalf) to make the purchase affordable or as a development subsidy which then enables the unit to be sold at a price below fair market value; in those cases, recapture provisions shall apply instead.

Restrictions on Transfer

Under the resale option, when the original homebuyer transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the sales price must be affordable to a reasonable range of low-income buyers. One additional condition is that the resale price must provide the original homebuyer a fair return on investment. Upon either voluntary or involuntary transfer during the affordability period, the homeowner shall receive a fair return on his investment from available net proceeds.

Calculation of Fair Return

Upon resale of the property, the homeowner shall receive a fair return on their entire investment (which is defined as the homeowner's contribution to downpayment and the cost of qualified capital improvements made by the owner since the provision of the HOME assistance).

The participating jurisdiction has elected to adopt the percentage change in the broadest and most comprehensive CPI (which is known as the All Items Consumer Price Index for All Urban Consumers [CPI-U]), over the period of ownership, as the standard index for calculating fair return on investment as required under the resale provisions.

- The formula for calculating the fair return on investment shall be as shown below:

$$(\text{Downpayment Paid} + \text{Cost of Qualified Capital Improvements}) \times \text{CPI index} = \text{Fair Return}$$

- The formula for calculating the total return to the homeowner at resale:

$$\begin{array}{l} \text{Downpayment Paid at Purchase} \\ + \text{Cost (value) of Qualified Capital Improvements} \\ + \text{Fair Return} \\ \hline = \text{Total Return to Homeowner} \end{array}$$

Note: If the fair market value at sale is less than the original purchase price plus the value of the homeowner's investment, it is possible that the homeowner may not be able to receive the fair return amount (appreciation) or even any portion of the amount of the investment. The participating shall not have any obligation to the homeowner if this should occur.

Determination of resale price

The participating jurisdiction shall ensure that the resale price provides a fair return to the original homeowner while ensuring that the property is affordable to the stated target population of households with incomes between 60 – 80% of area median income.

The resale price shall be guided by the applicable HOME Homeownership Sales Price Limits which are in effect at the time of the resale. The limits are published annually by HUD. The HUD limits establish the maximum sales price based on number of units in the dwelling (i.e., 1- unit up to 4-units); the published limits are also unique to each island (county) in the Territory.

The VIHFA recognizes that, in some cases, it may have to invest additional HOME funds in order to achieve the objective of ensuring affordability for the subsequent homebuyer. Before provision of any additional HOME funds, the participating jurisdiction shall ensure that the total of the original HOME investment plus any proposed additional investment will not exceed the applicable maximum per unit subsidy limit. The participating jurisdiction reserves the right to extend the original period of affordability in recognition of any additional HOME subsidy assistance provided to the subsequent homebuyer in order to make the unit affordable to them.

Enforcement

The VIHFA will utilize its HOME Programmatic Agreement as the initial mechanism to outline the resale provisions. The HOME Programmatic Agreement, which is executed between the participating jurisdiction and the assisted homebuyer prior to the commitment of HOME funds for the activity, contains language which outlines all the applicable HOME requirements to include the affordability period, the principal residency requirement, the conditions which would trigger the resale provisions, and the resale restrictions. Although the participating jurisdiction does not generally record the HOME Programmatic Agreement, it is a valid legal document which can be recorded, if necessary, and which creates a legal obligation for the VIHFA and the assisted homebuyer.

The VIHFA will utilize mortgage documents as the primary mechanism for enforcement of the resale provisions. At closing, the homebuyer shall execute a mortgage in the amount of the total HOME investment in the property. The mortgage shall outline the resale restrictions and shall create a lien against the property for the duration of the affordability period. The mortgage document shall be recorded upon consummation of the closing transaction. The mortgage will provide an effective mechanism for enforcement of the resale restrictions because, in the event of an impending resale or foreclosure, the title search will reveal the participating jurisdiction's interest in the property and thus, VIHFA will have to be notified of the impending action accordingly. In the case of a proposed sale, the VIHFA will then review the terms of the sale to ensure the eligibility of the subsequent buyer as a low-income household. In the case of an impending foreclosure action, the VIHFA will attempt to work with the lender to negotiate an agreement regarding resale of the unit to an eligible purchaser; if an agreement cannot be reached, then the VIHFA would determine if it will invest additional HOME funds to acquire the unit.

RESALE GUIDELINES

(Owner-occupied Rehabilitation)

HOME Program Resale Provisions

Pursuant to the requirements set forth at Section 215 of the HOME statute and promulgated at 24 CFR 92.254 of the HOME rule, in order for HOME-assisted home ownership housing to qualify as affordable housing it must meet affordability requirements for a specific period of time as determined by the amount of assistance provided. In addition, to ensure affordability, the participating jurisdiction is required to impose either resale or recapture requirements - which shall be outlined in a written agreement with the assisted homebuyer and enforced via lien, deed restrictions, or covenants running with the land.

The Virgin Islands Housing Finance Authority ("VIHFA"), acting as the participating jurisdiction of the U.S. Virgin Islands, hereby adopts the following resale provisions that comply with the HOME statutory and regulatory requirements. The resale provisions are triggered by any transfer of title, either voluntary or involuntary, during the established affordability period.

Under the resale option, when the original homebuyer transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the sales price must be affordable to a reasonable range of low-income buyers. One additional condition is that the resale price must provide the original homebuyer a fair return on investment.

Affordability period – The specific period of time for which a HOME-assisted unit must meet be maintained as the principal residence of a qualified, low-income family. For the purpose of its resale provisions, the participating jurisdiction of the U.S. Virgin Islands has elected to establish the affordability period as twenty years or the term of the primary financing (mortgage) secured by the homebuyer to purchase the assisted unit, whichever is greater.

- For units receiving housing rehabilitation assistance, the affordability period shall be fifteen (15) years from the completion of the rehabilitation as evidenced by the release of the final retainage monies.

Affordable to a reasonable range of low-income homebuyers – The maximum purchase price that would result in a 4-person household with income between 60 – 80% of the area median (AMI) paying no more than 35% of their monthly income as their fixed housing cost (i.e., PITI). The affordability determination will differ for St. Thomas/St. John versus St. Croix because the income limits differ in the two island districts.

Capital improvements – Renovations or upgrades to the HOME-assisted property undertaken by the assisted homeowner during the Affordability Period which are recognized as adding value to the property. For the purpose of establishing the basis for calculating fair return, capital improvements shall include any of the following:

- Addition of key living space (e.g., bedroom, bathroom)
- Floor replacement (e.g., installation of ceramic floor tiles)
- Kitchen renovation (e.g., re-design/expansion, installation of new cabinets and countertops)
- Bathroom renovation (e.g., re-design/expansion, installation of new fixture set or walk-in shower enclosure)
- Replacement of roof complete
- Central air-conditioning throughout
- Weatherproofing (i.e., permanently-mounted hurricane shutters throughout and permanently-installed generator)

For the purpose of establishing the basis for calculating fair return, the participating jurisdiction will value capital improvements based on the average increase in value attributable to the specific type of improvement. The participating jurisdiction will utilize value estimates provided by real estate appraisers knowledgeable in the local market.

Consumer Price Index (CPI) - The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. CPI data is published monthly by the Bureau of Labor Statistics.

Fair return on investment - A prescribed gain on the amount of the homeowner's original investment (i.e., downpayment paid from the homebuyer's personal resources) plus any investment in qualified capital improvements undertaken by the homebuyer since the provision of the HOME assistance. For the purpose of these resale provisions, the participating jurisdiction will utilize the percentage change in the Consumer Price Index (CPI) over the period of ownership as the index for determining fair return. **Under no circumstances shall the amount received by the homeowner exceed the sum of the original investment plus the calculated fair return.**

Involuntary transfer – A transfer of title from the original assisted homebuyer to another party through actions of law such as foreclosure proceedings

Net proceeds – The sales price less any superior loan repayments (other than HOME funds) and resale expenses (i.e., seller's closing costs).

Voluntary transfer – A transfer of title from the original assisted homebuyer to another party at the will of the assisted homebuyer - e.g., resale, deed of gift, etc.

Applicability

The resale provisions herein shall be triggered when a HOME-assisted homebuyer transfers the HOME-assisted property, either voluntarily or involuntarily, during the affordability period. The resale provisions herein shall apply when HOME funds are used only to subsidize the development cost of the HOME-assisted unit and the unit is sold at fair market value.

Note: Resale provisions shall not apply when HOME funds are used to provide subsidies such as downpayment or closing cost assistance, interest subsidies, or mortgage buydowns directly to the homebuyer (or on the homebuyer's behalf) to make the purchase affordable or as a development subsidy which then enables the unit to be sold at a price below fair market value; in those cases, recapture provisions shall apply instead.

Restrictions on Transfer

Under the resale option, when the original homebuyer transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the sales price must be affordable to a reasonable range of low-income buyers. One additional condition is that the resale price must provide the original homebuyer a fair return on investment. Upon either voluntary or involuntary transfer during the affordability period, the homeowner shall receive a fair return on his investment from available net proceeds.

Calculation of Fair Return

Upon resale of the property, the homeowner shall receive a fair return on their entire investment (which is defined as the homeowner's contribution to downpayment and the cost of qualified capital improvements made by the owner since the provision of the HOME assistance).

The participating jurisdiction has elected to adopt the percentage change in the broadest and most comprehensive CPI (which is known as the All Items Consumer Price Index for All Urban Consumers [CPI-U]), over the period of ownership, as the standard index for calculating fair return on investment as required under the resale provisions.

- The formula for calculating the fair return on investment shall be as shown below:

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- The formula for calculating the total return to the homeowner at resale:

$$\begin{array}{l} \text{Downpayment Paid at Purchase} \\ + \text{Cost (value) of Qualified Capital Improvements} \\ + \text{Fair Return} \\ \hline = \text{Total Return to Homeowner} \end{array}$$

Note: If the fair market value at sale is less than the original purchase price plus the value of the homeowner's investment, it is possible that the homeowner may not be able to receive the fair return amount (appreciation) or even any portion of the amount of the investment. The participating shall not have any obligation to the homeowner if this should occur.

Determination of resale price

The participating jurisdiction shall ensure that the resale price provides a fair return to the original homeowner while ensuring that the property is affordable to the stated target population of households with incomes between 60 – 80% of area median income.

The resale price shall be guided by the applicable HOME Homeownership Sales Price Limits which are in effect at the time of the resale. The limits are published annually by HUD. The HUD limits establish the maximum sales price based on number of units in the dwelling (i.e., 1- unit up to 4-units); the published limits are also unique to each island (county) in the Territory.

The VIHFA recognizes that, in some cases, it may have to invest additional HOME funds in order to achieve the dual objectives of provision of a fair return to the original homeowner and ensuring affordability for the subsequent homebuyer. Before provision of any additional HOME funds, the participating jurisdiction shall ensure that the total of the original HOME investment plus any proposed additional investment will not exceed the applicable maximum per unit subsidy limit. The participating jurisdiction reserves the right to extend the original period of affordability in recognition of any additional HOME subsidy assistance provided to the subsequent homebuyer in order to make the unit affordable to them.

Enforcement

The VIHFA will utilize its HOME Programmatic Agreement as the initial mechanism to outline the resale provisions. The HOME Programmatic Agreement, which is executed between the participating jurisdiction and the assisted homebuyer prior to the commitment of HOME funds for the activity, contains language which outlines all the applicable HOME requirements to include the affordability period, the principal residency requirement, the conditions which would trigger the resale provisions, and the resale restrictions. Although the participating jurisdiction does not generally record the HOME Programmatic Agreement, it is a valid legal document which can be recorded, if necessary, and which creates a legal obligation for the VIHFA and the assisted homebuyer.

The VIHFA will utilize mortgage documents as the primary mechanism for enforcement of the resale provisions. At closing, the homebuyer shall execute a mortgage in the amount of the total HOME investment in the property. The mortgage shall outline the resale restrictions and shall create a lien against the property for the duration of the affordability period. The mortgage document shall be recorded upon consummation of the closing transaction. The mortgage will provide an effective mechanism for enforcement of the resale restrictions because, in the event of an impending resale or foreclosure, the title search will reveal the participating jurisdiction's interest in the property and thus, VIHFA will have to be notified of the impending action accordingly. In the case of a proposed sale, the VIHFA will then review the terms of the sale to ensure the eligibility of the subsequent buyer as a low-income household. In the case of an impending foreclosure action, the VIHFA will attempt to work with the lender to negotiate an agreement regarding resale of the unit to an eligible purchaser; if an agreement cannot be reached, then the VIHFA would determine if it will invest additional HOME funds to acquire the unit.

U.S. VIRGIN ISLANDS NATIONAL HOUSING TRUST FUND (HTF) ALLOCATION PLAN



PROGRAM YEAR 2018- 2019

Prepared by **Virgin Islands Housing Finance Authority**
acting in its capacity as the administrator of the National
Housing Trust Fund for the Territory of the U.S. Virgin Islands

Territory of the U.S. Virgin Islands
National Housing Trust Fund Allocation Plan

Program Description

Established under Title I of the Housing and Economic Recovery Act of 2008 (HERA), the Housing Trust Fund (HTF) is a new program which provides formula grants to states, the District of Columbia, Puerto Rico, and the insular areas for the production of affordable housing. The program is designed to complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and affordable housing for extremely low-income (ELI) and very-low income (VLI) households, including families experiencing homelessness. The program is funded from assessments on new originations by Fannie Mae and Freddie Mac; the U.S. Department of Housing and Urban Development (HUD) is responsible for distributing the funds. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. The regulations for the Housing Trust Fund are found at 24 CFR Part 93.

Pursuant to the HTF regulations at 24 CFR Part 93.250, in an fiscal year in which the total amount of HTF funds available for allocation to the 50 states, the District of Columbia, Puerto Rico and the insular areas is less than \$1 billion, 100% of the HTF grant must benefit extremely low income households. The funding announced for the HTF Program for Fiscal Year 2018 is \$266,775,403.45; for Program Year 2018 (= October 1, 2018 through September 30, 2019), the entire HTF allocation must benefit extremely low-income (ELI) households. As prescribed by the statute, a minimum of 80% of each allocation must be used for rental housing, a maximum of 10% may be used for home ownership housing, and a maximum of 10% may be used for program administration.

The 2018 HTF allocation for the Territory of the U.S. Virgin Islands is \$104,591.00.

The Virgin Islands Housing Finance Authority has been designated to act as the HTF grantee for the Territory. The HTF regulations prescribe that the grantee shall annually submit to HUD a plan (the 'HTF Allocation Plan") which describes how the grantee will distribute its HTF funds, including how it will use the funds to address priority housing needs, which activities may be undertaken with the HTF funds, and how recipients and projects will be selected to receive those funds.

For Program Year 2018, the VIHFA has chosen to directly fund projects by eligible recipients in accordance with this HTF Allocation Plan.

Methodology for Use and Allocation of HTF

In September 2015, the U.S. Department of Housing and Urban Development (“HUD”) approved the Territory’s Consolidated Plan for program years 2015-2019. The Consolidated Plan establishes local priorities consistent with national objectives and priorities established by the U.S. Department of Housing and Urban Development (HUD) and long-term strategies for utilizing funds allocated under the Community Development Block Grant (CDBG), the HOME Investment Partnership Program, and the Emergency Solutions Grant (ESG) to address the identified needs. Each year, the Territory is required to develop an Annual Action Plan which describes the activities to be undertaken during the current program year to implement the strategies identified in the Consolidated Plan. The enabling legislation for HTF requires the inclusion of information in the jurisdiction’s Consolidated Plan and Annual Action Plan with regards to how the jurisdiction plans to distribute/utilize the HTF funds to address identified priority housing needs.

Research conducted in conjunction with preparation of the 2015-2019 Consolidated Plan noted that the most common problem is cost of housing in relation to income. It is common, when examining CHAS data, to discover that virtually all renter and owner households with incomes at or below 30% of Area Median Income (AMI) have housing problems. The lowest income households are more likely to have problems (including cost burden) and less likely to find solutions within reach. Although there is no HUD-provided CHAS (Comprehensive Housing Affordability Strategy) tables for the Territory making it difficult to specifically categorize housing problems by income, it can be assumed that the situation is no different in the Virgin Islands than in other jurisdictions.

Pursuant to the governing regulations of the National Housing Trust Fund, for Program Year 2018 (= October 1, 2018 through September 30, 2018), the entire HTF allocation must benefit extremely low-income (ELI) households. Although, as prescribed by the statute, HTF funds may be used for rental or homeownership housing, the greater emphasis is on rental housing given that it is stipulated that a minimum of 80% of each allocation must be used for rental housing. In the case of the Territory, the Housing Demand Study that was conducted in 2015 further speculates that there has been movement toward more renter-occupancy in recent years and the demand for affordable rental housing remains robust Territory-wide.

Developing new housing in the Territory is costly. The Housing Demand Study notes that development costs can be as much as three times the amount on the mainland. Factors contributing to high costs are topography, transportation, materials (including shipping), limited developers/builders, and the high cost of insurance and financing. As a result, deep-rent skewing to make housing affordable to households below even 50% AMI is not generally attainable. In light of the high development costs contrasted with the relatively small amount

of the Territory's HTF allocation, it is unlikely that the HTF funding will allow for the development of a dedicated HTF project or that HTF will be the primary source of funding to close a financing gap; thus, the Territory will distribute its HTF allocation to Eligible Projects in conjunction with the process for award of Low Income Housing Tax Credits (LIHTC) in accordance with the criteria for HTF award outlined below and also the LIHTC criteria outlined in the most recent LIHTC Qualified Allocation Plan (QAP). The VIHFA anticipates that, by leveraging the funds with the LIHTC, it will provide an incentive for developers to include a small number of units reserved for households in the extremely low income category in their developments – thus addressing the need for increased affordable housing choice for this very vulnerable population.

General Program Information

Expected Resources

The Program Year 2018 HTF allocation to the Territory is \$104,591. The Territory will allocate the full amount of its 2018 allocation for direct investment in unit production. The Territory will not use any portion of its allocation for program administration expenses.

Eligible Activities

The eligible activities for the HTF funds under this plan will be the production of affordable rental developments in which a portion of the rental units are set-aside for households with incomes at or below thirty percent of area median income, as adjusted for household size ("ELI Households"). This activity is consistent with the priority needs and corresponding goals outlined in the 2015-2019 Consolidated Plan:

Among the priority needs that were established with high priority is:

- Affordable housing choice

The corresponding goals that were established to meet the need for affordable housing choice:

- Increase and preserve affordable housing units

Use of funds under this HTF Plan will address the need of affordable housing choice by increasing the number of affordable housing units through new construction.

The Territory will make HTF funds available in support of new construction rental units only. The Territory will not use 2018 HTF funds in support of development or rehabilitation of home ownership housing or to provide direct assistance to first-time homebuyers.

As new construction, all HTF -assisted projects will be required to meet the standards outlined in the Virgin Islands Housing Finance Authority's Affordable Housing Development Guidelines which are minimum standards that may be exceeded by the applicants at their discretion.

Eligible Recipients

Eligible Recipients under this Plan are for-profit or non-profit housing developers [including public housing agencies (PHAs) working in conjunction with for-profit or non-profit developers to re-develop public housing communities]. These organizations receive HTF assistance from a grantee as an owner or developer to carry out an HTF-assisted project.

To be eligible, a recipient must:

- (1) Make acceptable assurances to the VIHFA that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;
- (2) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
- (3) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
- (4) Demonstrate experience and capacity to conduct an eligible HTF activity as evidenced by its ability to: (i) own, construct or rehabilitate, and manage and operate an affordable multifamily rental housing development; or (ii) design, construct, or rehabilitate, and market affordable housing for homeownership, or (iii) provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.

Individuals are not eligible to receive direct assistance from the Housing Trust Fund.

The Territory does not intend to use sub-grantees in the current funding cycle.

Eligible Projects

Eligible Projects are defined as Eligible Activities undertaken by Eligible Recipients.

Eligible Project Costs

Eligible Project Costs include the following: 1) development hard costs; 2) acquisition costs; and 3) related soft costs.

Cost Allocation

HTF funds may be used to assist in the development of one or more housing units in a new multi-unit project. Only the actual HTF-eligible development costs of the assisted unit may be charged to the HTF program. If the assisted and non-assisted units are not comparable, the actual costs may be determined based on a method of actual cost allocation; however, if all units in the project are comparable in size, amenities and number of bedrooms, the cost of the HTF-assisted units can be determined by prorating the total HTF-eligible development costs of the project so that the proportion of the total development costs charged to the HTF program does not exceed the proportion of the HTF-assisted units in the project.

HTF Units

The HTF-assisted units within each Eligible Project will be determined on a “floating” basis which shall allow the project to maintain the specified number of units throughout the affordability period, although the specific unit(s) so designated may vary with availability as long as the substituted unit(s) are at least comparable to the original units in size, amenities, and number of bedrooms. Further guidance on the formula for designating assisted units can be found in HUD CPD Notice 98-2.

Maximum per Unit Development Subsidy

Pursuant to the regulations at §93.300, the HTF grantee is required to establish maximum limitations on the total amount of HTF funds that may be invested per-unit for development of HTF-assisted housing, with adjustments for the number of bedrooms and the geographic location of the project - which limits must be reasonable and based on actual costs of developing non-luxury housing in the jurisdiction. The grantee must include these limits in its consolidated plan and update these limits annually.

The Territory will adopt the HOME Program’s maximum per-unit subsidy limits to determine the total amount of HTF and other federal funds that can be invested on a per-unit basis in affordable housing. The primary rationale for adoption of the HOME Program’s limits is that the VIHFA’s experience has shown that the maximum per unit subsidy limits as calculated by HUD for the HOME Program are reasonable based on the actual development cost of units. With respect to the adoption of the HOME limits, pursuant to the current guidance, the applicable limits are the most recent limits established under Section 234 condominium housing basic mortgage limits for elevator- type projects that apply to the area in which the housing is located. In accordance with the National Affordable Housing Act (NAHA), these limits may be increased on a program-wide basis to an amount, up to 240 percent of the original per unit limits, for high cost areas. Thus, as of this writing, the applicable limits are as follows:

<u># of Bedrooms</u>	<u>Section 234 limit -elevator</u>	<u>Maximum per-unit subsidy</u>
0	\$60,021.00	\$144,050.40
1	\$68,806.00	\$165,134.40
2	\$83,667.00	\$200,800.80
3	\$108,239.00	\$259,773.60
4+	\$118,812.00	\$285,148.80

Although construction costs vary across the two island districts of the Territory (i.e., St. Croix vs. St. Thomas/St. John), the VIHFA's experience is that the maximum per unit subsidy as calculated is generous and thus is reasonable - even for the district with the higher development cost (i.e., St. Thomas/St. John). An added benefit of the adoption of the HOME limits is consistency across the programs. For example, by statute, the HOME and HTF programs already utilize the same maximum purchase price limits.

Notwithstanding the maximum per unit subsidy limits outlined above, before committing funds to a project, the participating jurisdiction will evaluate the project in accordance with guidelines that it has adopted for determining a reasonable level of profit or return on owner's or developer's investment in a project and must not invest any more HTF funds, alone or in combination with other governmental assistance, than is necessary to provide quality affordable housing that is financially viable for a reasonable period.

Underwriting Standards

VIHFA will underwrite all applications to balance the efficient use of resources with the need to develop housing that is viable and sustainable for at least the 15-year LIHTC compliance period. VIHFA shall ensure that the combination of the LIHTC allocation and any HTF allocation does not exceed what is necessary for financial feasibility, and in consideration of best practices promoted by the National Council of State Housing Agencies.

Timing of Underwriting Reviews

VIHFA will review a project's feasibility over the 15 year compliance period at various stages including but not limited to prior to making an award of credit and at Placed in Service (i.e., upon completion of the construction). The following is a breakdown of how this provision will apply to each of the underwriting stages in the allocation process and what this provision will mean in practice:

- Initial Application/Prior to Award – In order to receive an initial award of tax credits and HTF, the project must be financially feasible for the 15-year compliance period utilizing the underwriting standards as applied to the pro forma.

- Placed in Service/Issuance of LIHTC Form 8609(s) – VIHFA will review the sources and uses of funds and the total financing planned for the project to ensure that the combined amount of LIHTC and HTF funding being allocated to the project does not exceed the amount necessary for the project to be financially feasible for the 15-year compliance period. VIHFA will continue to monitor a project's income and expenses during this phase of the process.

Projects without project-based Section 8 assistance that are subject to federal subsidy layering requirements under §911 of the Housing and Community Development Act of 1992 will be reviewed by both by VIHFA and HUD. Additionally, projects with project-based housing choice vouchers must comply with the standards in the HUD Administrative Guidelines: Subsidy Layering Review for Proposed Section 8 Project-Based Voucher Housing Assistance Payments Contracts, as published in the Federal Register, July 9, 2010.

Evaluation of project financing

(a) For projects proposing private permanent debt financing, a letter of intent is required from each lender. The letter shall be on the official letterhead of the lender and shall be signed and dated by a duly authorized representative of the lender. The letter must clearly state the term of the permanent loan (must be at least fifteen (15) years), the manner in which the interest rate will be indexed and the current rate at the time of the letter, the amortization period, any prepayment penalties, anticipated security interest in the property and lien position. The interest rate must be fixed and no balloon payments may be due for the first fifteen years.

(b) For projects proposing public permanent financing, binding commitments are required to be submitted by the application deadline. A binding commitment is defined as a letter, resolution or binding contract from a governmental entity – e.g., HUD, USDA, NPS. The letter must clearly state the term of the permanent loan (must be at least fifteen (15) years), the manner in which the interest rate will be indexed and the current rate at the time of the letter, the amortization period, any prepayment penalties, anticipated security interest in the property and lien position. The interest rate must be fixed and no balloon payments may be due for the first fifteen years after project completion. Where funds are being provided by a local governmental entity, the letter must specifically identify the source of the proposed funding (e.g. HOME, housing trust fund).

(c) The applicant shall also provide a letter from a construction lender documenting the proposed loan amount, interest rate, term, and any applicable fees (e.g., origination, construction inspection, etc.)

(d) Applications may only include one set of proposed funding sources; the Agency will not consider multiple financing scenarios. A project will be ineligible for allocation if any of the listed funding sources will not be available in an amount or under the terms described in the application. The VIHFA may waive this limitation if the project otherwise demonstrates financial feasibility. Project cash flow may not be used as a source of funds.

(e) Consistent with LIHTC regulations and industry best practices, VIHFA limits the award of LIHTC and other locally-awarded resources to the funding gap necessary to make a transaction viable. With respect to the HTF funding, the award will only be made as an incentive for the developer to reserve at least two units in the development for households at or below 30% of AMI. The VIHFA will require the developer to execute a Funding Agreement which shall stipulate the terms & conditions of the HTF funding.

Distribution of Funds

Given the very small HTF allocation to the Territory, it is unlikely that the HTF funding will allow for the development of a dedicated HTF project or will be the primary source of funding to close a financing gap. Further, deep-rent skewing to allow households below even 50% AMI is not generally achievable; thus, the Territory will distribute its HTF allocation to Eligible Projects in conjunction with the process for award of Low Income Housing Tax Credits (LIHTC) in accordance with the criteria for HTF award outlined below. The VIHFA will award its HTF funds to the highest-scoring HTF applicant also selected for LIHTC award. The VIHFA will require the LIHTC developer to include a small number of units reserved for households in the extremely low income (ELI) category in their development – thus increasing affordable housing choice for this very vulnerable population.

The VIHFA reserves the right to deny an HTF allocation to any applicant or project if the developer refuses to commit to provision of the required units targeted to ELI households. VIHFA will in all instances allocate HTF funds consistent with sound and reasonable judgment and the exercise of its inherent discretion.

Housing Priorities and Scoring Criteria

The VIHFA has adopted the following selection criteria which will be used to determine the housing priorities of the Territory which are appropriate to local conditions:

- (i) project location
- (ii) housing needs characteristics
- (iii) sponsor characteristics
- (iv) tenant populations with special housing needs
- (v) public housing waiting lists

- (vi) the energy efficiency of the project and
- (vii) percentage of low-income units.

Primary Allocation Priorities

The primary allocation priorities for the use of funding provided under the HTF have been determined based on the priority needs identified in the Territory's 2015-2019 Consolidated Plan. Priority needs and corresponding goals for the five-year period covered by the Consolidated Plan were established after an assessment of needs and capacity, review of relevant economic information and statistical data, discussions in the community, consideration of strategic plans of partner agencies and providers in the region, and review of available planning documents.

Among the priority needs that were established with high priority:

- Affordable housing choice

The corresponding goal that was established to meet the need for affordable housing choice:

- Increase and preserve affordable housing units

Use of funds under this HTF Plan will address the need of affordable housing choice by increasing the number of affordable housing units through new construction. Among those eligible projects that address the need by increasing the number of affordable housing units through new construction, the priority for allocation will be based on the following factors:

- Non-age restricted housing
- Readiness to proceed (i.e. ability to get to construction in a relatively short period)
- Non-profit sponsored housing
- High quality of construction, including energy efficiency
- Projects that achieve broad community development objectives, including "smart growth" and neighborhood revitalization
- Cost containment

Application Process

The applications for HTF funding will be solicited in conjunction with the Territory's LIHTC process; however, the decision to award HTF will be based on a separate process/criteria.

The Territory anticipates one funding cycle per year; the deadline for receipt of applications is expected to be March 30. The Territory reserves the right to conduct a second application cycle if no applications are received in the first round or if no application achieves the minimum score required for HTF award as outlined below. If it is determined that a second

round will be held, notifications will be published for a period of not less than two weeks in the local media and on VIHFA's website. Applications for the second round shall be due by September 15.

Upon the public announcement of the LIHTC application cycle, interested developers will be required to complete and submit a detailed application. The LIHTC application form consists of multiple sections to include General Section (project and property data such as location, number of units, population targeting, LIHTC minimum set-aside, proposed unit & site amenities), Qualifications of Developer (legal status, project experience, financial capacity), Project Budgets (construction estimates, Sources and Uses), and also Qualifications of Architect, General Contractor, and Marketing/Management Agent, respectively.

A short-form application for the HTF funding will also be included with the LIHTC application. Interested developers will be required to complete all applicable questions and submit the short-form with all documents that are requested in the application for the HTF funding which shall include details of the proposed project including but not limited to development costs, written commitments of financing, and pro forma budgets; evidence of the developer's experience and financial capacity to undertake, comply, and manage the eligible activity; documentation of the developer's familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and Documentation of the developer's experience and capacity to conduct the eligible HTF activity as evidenced by its ability to: (i) own, construct or rehabilitate, and manage and operate an affordable multifamily rental housing development; or, if applicable, (ii) design, construct, or rehabilitate, and market affordable housing for homeownership, or (iii) provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.

At the end of the short-form application, the applicant shall sign a certification statement in which the applicant attests that, if awarded an allocation of HTF, it will comply with the requirements of the HTF program during the entire period beginning upon its selection to receive HTF funds, and ending upon the conclusion of all HTF-funded activities.

The short-form HTF application is designed to be comprehensive in addressing all information necessary for a responsible funding decision; however, the Virgin Islands Housing Finance Authority will reserve the right to ask for additional information during the review process should it be deemed necessary.

Applications will be reviewed by a formal evaluation committee. Formal review of the application will occur only after the application is complete and all necessary documentation

is provided. Applications will first be scored in accordance with evaluation criteria outlined in the LIHTC QAP. Basic threshold criteria required to qualify for a LIHTC award include project feasibility and appropriateness, demonstrated demand as evidenced by a current market study, demonstrated site control, readiness to proceed. Some additional selection criteria and preferences addressed by the scoring criteria include development team experience, deep income skewing (i.e., greater than or equal to 10% of the total units reserved for ELI households), project-based rental assistance subsidy for at least 66% of the project's units, projects in an existing downtown or neighborhood infill site or projects that are part of a larger comprehensive community revitalization effort. In allocating Low Income Housing Tax Credits among selected projects which meet the basic selection criteria, preference shall be given to projects which pledge to keep the project's low income status for more than 30 years.

Once the applications have been scored in accordance with evaluation criteria outlined in the LIHTC QAP and it has been determined that the application has met the minimum score for LIHTC award, then the HTF short-form application will be evaluated in accordance with the HTF criteria outlined below. The VIHFA will award its HTF funds to the highest-scoring HTF applicant also selected for LIHTC award. The minimum score required for HTF award is thirty (30 points).

The Virgin Islands Housing Finance Authority will render written notification of the disposition of the application within ninety (90) days of the submission deadline. If the Authority does not allocate an HTF amount to an application, the Authority shall provide the applicant with a written explanation of the reasons for denial.

SCORING

A. LIHTC Scoring Criteria

Each LIHTC application will be evaluated using the scoring criteria listed below. The LIHTC criteria directly address most of the selection criteria and preferences outlined in the LIHTC regulations at Section 42 of the IRS Code.

In order to obtain points for the respective criteria, the applicant shall provide documentation where applicable. Any supportive documentation is subject to verification, and the VIHFA may require additional information as a condition of awarding points. The VIHFA may reject any documentation deemed to be insufficient, unsupported, or inadequate for the particular scoring criteria.

1. Non-Age Restricted Units

10 points

Projects cannot have "senior" or other age-restricted designation.

Non-age restricted projects with greater than or equal to 50% of the units having 2 or more bedrooms. Note: A project that has occupancy restrictions or preferences that favor tenants with special needs and can demonstrate the need for one bedroom units exclusively will be given the ten (10) points.

2. Income Targeting

(a) Projects with 100% of its units as LIHTC units

10 points

Note: A 100% LIHTC project that has greater than or equal to 10% of the total number of units reserved for extremely low income ($\leq 30\%$ AMI) will receive five (5) additional points;

or

(b) Projects with at least 75% of its units as LIHTC units

5 points

Note: A project that has greater than or equal to 10% of the total number of units reserved for extremely low income ($\leq 30\%$ AMI) or greater than or equal to 40% of the total number of units reserved for very low income ($\leq 50\%$ AMI) will receive five (5) additional points.

3. Supportive Housing Serving Homeless – Non-age Restricted, Elderly, or Veterans **15 points**

Each household must be homeless or at imminent risk of homelessness immediately prior to tenancy and be identified as needing services to maintain housing. Certification of homeless status must be obtained. Eligible projects may be either transitional or permanent supportive housing and may use the single room occupancy (SRO) model. Services may be provided for residents through a third party or the project, but must include at a minimum:

- An initial assessment of each resident's needs within thirty (30) days of move-in and development of a written plan to address those needs
- Regular case management, including ongoing assessments of residents' needs and the efficacy of the services being provided in meeting the identified needs.
- Coordination of benefits and services to assist residents in becoming permanently housed.

4. Community-Based Supported Housing/Proposed Projects.

5 points

(a) Projects committing 10% of new units for individuals with disabilities as defined. Federal laws define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment."

Units shall be committed on an "as available" basis subject to the "next available unit" requirement.

(b) Projects offering integrated Permanent Supportive Housing (PSH) Opportunities for persons who are homeless or "at risk of homelessness".

To meet this priority, the project must provide at least 10% and not more than 25% of its total units to households with incomes at or below 30% of area median income **and** headed by one of the following:

For general occupancy projects:

- o Non-elderly person with disabilities (PWD), including persons referred by the V.I. Department of Human Services, Center for Independent Living, V.I. Advocacy Agency
- o Youth aging out of foster care;
- o Persons transitioning from correctional facilities; or
- o Homeless veterans.

For Elderly Projects:

- o Elderly persons with disabilities (PWD);
- o Elderly persons with special needs;
- o Elderly persons who are homeless;
- o Elderly persons transitioning from correctional facilities or other facilities or institutions;
- or
- o Elderly veterans.

To meet this priority, units must be reserved exclusively for the targeted population and applications must include a letter from or memorandum of understanding or other agreement with an entity that will assist the applicant in marketing the units to the targeted population. Additionally, projects with non-elderly PWD units must agree to provide notice of unit availability to and accept referrals from DHS etc. in addition to any other marketing and referrals the project chooses to do. If a project is unable to fill a unit with the targeted population after a ninety (90) calendar day referral period, the unit may be leased to another household with income at 30% AMI or below.

The next available 30% AMI unit in the Project shall be marketed to the Project's original targeted population until the project is in compliance with its targeted percentage (i.e., 10-25%). The ninety (90) calendar day period at lease-up will be measured from the date upon which the project achieves 80% occupancy and at turnover will be measured from the date upon which the unit is determined ready for occupancy following move-out by the prior tenants and completion of any unit turn cleaning, repairs, or maintenance.

5. Preservation of Existing Affordable Housing

5 points

To meet this priority, the project must involve the acquisition and rehabilitation of an existing multifamily rental housing development, whether or not it has existing rent or income restrictions, provided the project:

1. Agrees to affordability restrictions for at least thirty (30) years; and
2. Is not financially feasible using tax-exempt bond financing, as determined by VIHFA.

For the purpose of qualifying for this priority, rehabilitation means repair of or alterations to an existing building, or buildings, where a majority of the structural elements of the original building or buildings, at a minimum, is incorporated into the finished project. In its discretion, VIHFA may permit a project to meet this priority if the project involves the demolition and replacement of an existing occupied housing project if rehabilitation of the existing building or buildings is infeasible or impractical. The replacement project must comply with VIHFA's policies concerning displacement and relocation of existing tenants.

6. Public Housing Waiting List

5 points

Projects where a Public Housing Authority, VIHFA (or an affiliate thereof) has an ownership in, and materially participates in the management of, public housing or housing with project-based Section 8 vouchers.

7. Project Grants and Assistance

5 points

Projects which will have rental assistance subsidy for at least 66% of the units for at least five years.

This point category is not available to existing projects requiring minimal rehabilitation.

8. Waiver of Qualified Contract

10 points

Projects that waive the right to request a qualified contract under Section 42(h)(6)(E)(i) of the Internal Revenue Code

9. Community Development Component

10 points

a. Projects in existing downtown or neighborhood infill site, or adaptive reuse of existing buildings.

- or -

Projects that are part of a larger comprehensive revitalization strategy/effort supported by the Territorial government. The minimum size improvement zone for this scoring category is generally a one block area, but cannot have been specifically created for the benefit of the proposed project. The formal designation must come from an official act by a government agency, such as the Office of the Governor, the State Housing Preservation Office, or the Economic Development Authority.

10. Development Team Experience

0 to 10 points

To receive points for this category, the proposed development team members must have successfully participated in the development of at least two (2) other LIHTC properties of similar size or larger. The scoring gives preference to individual development team members based on local experience, performance, and satisfaction of LIHTC training/certification requirements.

11. Management Experience

0 to 5 points

To receive points for this category, the proposed management agent must have at least five (5) years' experience in the management of LIHTC properties. The scoring gives preference to management agents based on experience, performance, and satisfaction of LIHTC training/certification requirements.

12. Energy Efficiency/ Green Building Technology

10 points

Projects which promote energy and water conservation, operational savings and sustainable building practices in affordable housing design may be awarded up to 10 points as follows:

ENERGY STAR Version 3 - Guam, Hawaii, & Puerto Rico	Enterprise Green Communities	LEED for Homes	ICC 700 National Green Building Standard	Number of Points
Certified				8

		Certified	Bronze	9
	Certified	Silver or higher	Silver or higher	10

B. Housing Trust Fund Scoring Criteria

Projects satisfying the scoring criteria for LIHTC award will be further evaluated in accordance with the HTF Scoring Criteria outlined below. The project which achieves the highest total points in the HTF scoring will be awarded the available HTF funds to include a small number of units reserved for households in the extremely low income (ELI) category in their development – thus increasing affordable housing choice for this very vulnerable population. The minimum score required for HTF award is thirty (30) points.

In order to obtain points for the respective criteria, the applicant shall provide documentation where applicable. Any supportive documentation is subject to verification, and the VIHFA may require additional information as a condition of awarding points. The VIHFA may reject any documentation deemed to be insufficient, unsupported, or inadequate for the particular scoring criteria.

1. Geographic Diversity

5 points

Note: This scoring criterion coincides with LIHTC criterion #9 as outlined in the Territory's LIHTC Qualified Allocation Plan.

Projects that will be located in the Territory's downtown areas (Christiansted, Frederiksted, Charlotte Amalie, & Cruz Bay) will receive a score of five (5) points. A proposed project within these areas of that has occupancy restrictions or preferences that favor tenants with special needs will receive five (5) bonus points.

The most recent update to the Analysis of Impediments for the Territory was completed in 2015. The analysis stated that, although the two key providers of housing in the Virgin Islands – the Virgin Islands Housing Finance Authority and the Virgin Islands Housing Authority – have made significant inroads since the 2006 AI in providing quality housing, improving housing choice, and reducing barriers to affordable housing, the need for affordable housing choice continues as a priority Territory-wide. As a result of the AI's finding that development anywhere within the Territory would affirmatively further fair housing, the Territory's Strategic Plan does not provide for any designated or HUD-approved geographic target areas in the Territory.

Although geographic diversity was not among the issues identified by the Analysis of Impediments, the VIHFA has committed to the re-development of the Territory's downtown

areas (Christiansted, Frederiksted, Charlotte Amalie, & Cruz Bay) so that urban neighborhoods are lifted out of poverty or business areas are revitalized to create or retain badly needed jobs and safe housing. No undue concentrations of low-income housing are expected as a result of the focus on development in the urban areas.

2. Applicant Capacity

10 points

(a) Ability to obligate HTF funds: 5 points

To receive points for this category, the proposed development team members must have successfully participated in the development of at least two (2) affordable housing properties of similar size or larger. The scoring gives preference to individual development team members based on local experience, performance, and satisfaction of LIHTC training/certification requirements.

(b) Ability to undertake project in a timely manner (readiness) 5 points

To achieve points in this category, the applicant must demonstrate readiness to undertake the project in a timely manner by submitting the following documents at the time of application.

- 1) Evidence of site control (Offer to Purchase, deed, or draft ground lease)
- 2) Evidence that property is appropriately zoned
- 3) Preliminary plans (drawings)
- 4) Cost estimates
- 5) Equity investment letter of interest

3. Project-based Rental Assistance

5 points

Note: This scoring criterion coincides with LIHTC criterion #7 as outlined in the Territory's LIHTC Qualified Allocation Plan.

Eligible Projects which have a commitment of project-based rental assistance for at least 66% of the units for a period of at least five years so that rents are affordable to extremely low-income households will receive five (5) points. The applicant shall provide a commitment letter or executed Housing Assistance Payment contract as documentation of the project-based rental assistance.

4. Duration of Affordability Period

5 points

HTF-assisted units in Eligible Projects must remain affordable for a period of at least thirty (30) years beginning from the date the unit was first placed in service. In the case of HTF, affordability means that the unit remain income-restricted and rents remain in compliance with the HTF rent limits as published by HUD annually. The Affordability Period

requirement shall apply without regard to the term of any loan or mortgage, repayment of the HTF investment, or transfer of ownership of the property. The Affordability Period requirement shall be imposed either by a deed restriction, covenant, or land use agreement restricting the property. The applicable document shall be recorded in the official records of the Recorder of Deeds. Projects which propose to remain affordable for at least five (5) years beyond the required 30-year period will receive five points in this category.

5. Satisfaction of Priority Housing Needs

15 points

Projects which seek to increase affordable housing choice for extremely low-income households - including homeless persons or persons at-risk of homelessness. To receive points in this category, the project's proposed units must be permanent units and the project may not use the SRO model. The project also cannot be age-restricted.

Affordable housing choice and homelessness services and facilities were identified as two of the priority needs and corresponding goals in the 2015-2019 Consolidated Plan. The needs were established after assessment of needs and capacity, review of relevant economic information and statistical data, discussions in the community, consideration of strategic plans of partner agencies and providers in the region, and review of available local government planning documents.

Basis for Relative Priority: Safe, affordable housing is the first priority for helping families to self-sufficiency, improving neighborhoods and creating stability. Housing is out of reach for lower income households in the Virgin Islands where 25% of households are paying more than 50% of household income for rent. Without deep subsidies, affordable housing is out of reach for low income households. Provision of supports for the most vulnerable populations, including extremely low-income households, is the most important step to reducing and eliminating homelessness. By assigning the highest relative priority to this factor, the Territory ensures that priority for funding is based on the merits of the application in meeting the priority housing needs established in the 2015-2019 Consolidated Plan.

6. Leveraging

10 points

To receive points for this category, the proposed project must have at least one non-federal funding source in addition to the LIHTC equity proceeds.

One of the actions recommended by the 2015 update to the Analysis of Impediments to address the need for affordable housing in general is the provision of incentives for private and public sector development of affordable housing, including the leveraging of resources; thus, the Territory's plan is to utilize the HTF funding as leverage with LIHTC to incentivize private developers to include units targeted at ELI households in their developments.

Forms of Assistance

HTF monies will be distributed to Eligible Recipients in the form of interest-free, deferred forgivable loans as gap financing for Eligible Projects approved for LIHTC award. Assistance will be made available only to the extent it is needed as determined by underwriting guidelines as outlined in the LIHTC Program Guide. The awarded project shall remain in compliance with all HTF requirements for the entire 30-year affordability period. The loan will be forgiven upon satisfactory completion of the affordability period.

HTF Rents

In accordance with the HTF regulations, rents for HTF-assisted units must not exceed thirty percent (30%) of the income of the household qualified to occupy the HTF unit. HUD will publish HTF rent limits on an annual basis. The VIHFA will make the rent limits available once released by HUD.

Funding Agreement

Eligible Recipients selected for receipt of an award of HTF funds will be required to execute an HTF Funding Agreement. The Funding Agreement will outline the following: a description of the project, the project location, the amount of the HTF award to the project, the number of HTF units to be created, the approved use of funds (project budget), the project timeline, and all applicable HTF requirements and associated federal law and regulations.

The Funding Agreement will also contain a certification that the HTF recipient will comply with all applicable HTF requirements and associated federal law and regulations.

The Funding Agreement may be terminated at the sole discretion of the Authority if the applicant fails to submit the progress phase requirements below within 120 days of notification of the HTF allocation or by November 1st, whichever is sooner:

- A. Environmental site assessment and related reports (lead, asbestos, historic, archaeological, etc.)
- B. Appraisal (if required by the Authority)
- C. Evidence of zoning/local approvals
- D. Permanent financing letter of commitment
- E. Construction financing letter of commitment
- F. Equity investment letter of commitment
- G. Construction period sources and uses (monthly)
- H. Final plans and specifications
- I. Evidence of continued site control
- J. Soils and/or structural engineering report (if applicable)
- K. Copy of the architect contract
- L. For projects providing tenant services, an executed agreement binding on both parties

- M. Cost estimates (or bids, if available) by schedule of value. Must comply with limits for contractor overhead and profit
- N. Copy of contract for consultant services (if applicable)
- O. Any revised or updated pages from the application form related to changes in the project scope or cost, including complete updated budget
- P. Evidence of limited partnership existence, including federal tax identification number, Certificate of Good Standing from the Office of the Lieutenant Governor or Secretary of State (in the case of a non-VI partnership) or copy of the Certificate of Limited Partnership bearing the seal of the appropriate Secretary of State.
- Q. A copy of the IRS letter assigning the EIN.
- R. Copy of partnership agreement or offering summary (draft acceptable).
- S. Evidence of continued site control, in the form of proof that the taxpayer that will be issued the credit is the owner of the land or depreciable real property that is expected to be part of the project. This may include:
 - 1) recorded deed,
 - 2) executed ground lease
 - 3) copy of a recordable land contract or Option to Purchase
- T. Copy of construction proposals (or bids) and executed construction contract. Include a copy of schedule of values showing contractor overhead and profit breakdown.
- U. Any Progress Phase Requirement items for which VIHFA may have previously granted an extension.

Compliance Monitoring

Each Eligible Recipient is required to comply with all HTF requirements with respect to income and rent limits. The VIHFA will require that each Eligible Recipient provide a written certification annually which lists the HTF-assisted units in the project and includes a declaration that all tenants in the HTF-assisted units meet the income limits as required and that rents for the HTF units are in compliance with the applicable rent limits.

VIHFA staff, or its authorized delegate, will monitor each HTF project on-site within the first twelve (12) calendar months after the project has been placed in service and thereafter at least once every three years for the duration of the Affordability Period. For projects with one to four HTF-assisted units, all the HTF dwelling units as well as the site, building exterior, building systems, and common areas for each building with HTF units shall be inspected. The purpose of the monitoring shall be to review the project's compliance with the HTF Plan, eligibility requirements, housing quality standards, rents, tenant policies, affirmative outreach and fair housing. The monitoring will conclude with the issuance of a written report outlining the results of the review and any corrective measures that may be required.

Performance Goals

The VIHFA has established the following goals for use of the HTF allocation to increase and preserve affordable housing units in the Territory:

- Increase the number of affordable housing units targeted to households with incomes at or below thirty percent (30%) of area median income.
- Provide up to three (3) new affordable housing units to households in the extremely low income (ELI) category each year for the next four years for a total of twelve (12) units by 2020.
- Increase awareness of the needs of extremely low income households and the use of leveraging to create housing opportunities for ELI households within other developments.

